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# ***Daily Report***

## **China**

FBIS-CHI-88-056  
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23 March 1988

# Daily Report

## China

FBIS-CHI-88-056

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Hong Kong

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## General

### Foreign Ministry Holds Weekly News Briefing

#### Announces Visit by UN Official

OW231253 Beijing XINHUA in English 1158 GMT  
23 Mar 88

[Text] Beijing, March 23 (XINHUA)—Peter Florin, president of the 42nd session of the General Assembly of the United Nations, will visit China from March 25 to April 1 at the invitation of the Chinese State Councillor and Foreign Minister Wu Xueqian.

This was announced by a Foreign Ministry spokeswoman at a weekly news briefing here today.

She also announced that Grand Duke Heir Henri and Grand Duchess Heiress Maria Teresa Mestre [of Luxembourg] will pay a private visit to China from April 8 to 18 at the invitation of the Chinese government.

#### Difficult Issues in U.S.-USSR Talks Viewed

OW231107 Beijing in Russian to the USSR  
1800 GMT 21 Mar 88

[From the "Review of International Events" program]

[Text] Here is a review from our Washington correspondent on difficult questions facing the foreign ministers of the Soviet Union and the United States:

For the second time this year talks between the foreign ministers of the Soviet Union and the United States will be held in Washington 20-23 March to prepare for the Moscow summit meeting between the two countries. It has become known that the issue of a 50 percent reduction of strategic nuclear arms and the Afghanistan question are occupying an important place at the talks.

After the signing of the INF treaty in Washington last December, both the Soviet Union and the United States view a 50 percent reduction of strategic nuclear arms as the main aim of the next step in arms control. Both have repeatedly expressed the hope that agreement will be reached before the summit meeting between the two countries that will be held this spring in Moscow.

However, no significant progress on this issue has yet been achieved between the two sides. Chairman of the U.S. Senate Armed Services Committee, Nunn, said that at present there are three obstacles to reducing strategic nuclear arms between the United States and the Soviet Union. These are the verification conditions, the link between sea-launched cruise missiles and the ABM treaty, and what amounts to a link between reductions and SDI.

Most observers consider that the issue of a link with the ABM treaty serves as a precondition for achieving an agreement on a reduction of strategic nuclear arms.

However, a big rift exists between the Soviet and U.S. positions on this question. Gorbachev said on 11 March that the Soviet Union insists that an agreement on reducing strategic nuclear arms must be linked with a strict adherence to the 1972 ABM Treaty. Violation of this principle would undermine the mechanism of the agreement in general. Reagan, on the other hand, at a seminar held 14 March on the fifth anniversary of SDI—apparently referring to Gorbachev's statement—noted unequivocally that the United States would never allow SDI to become a bargaining chip at the talks.

A similar situation exists with the Afghan issue. No agreement was reached at the indirect Pakistan-Afghanistan talks in Geneva on 15 March, as the Soviet Union had hoped, and it accused the United States of complicating the matter and sabotaging the negotiating process. Serious differences appeared between the sides over the question under what conditions the United States would stop military assistance to the Afghan resistance forces. Reagan said quite clearly on 11 March that ending U.S. military assistance to the Afghan resistance forces must be paralleled by an end to Soviet military assistance to the Kabul regime, and that his position on this is firm.

U.S. State Department representative Redman reaffirmed on the same day that any U.S. obligations in Geneva must be equal to any Soviet obligations. The Soviet Union categorically rejected the U.S. principle of parallel disengagement, stating firmly that in accordance with an agreement signed in the twenties with the government of Afghanistan, the USSR has every right to render military assistance to the Kabul regime. It is obvious that the Soviet Union wants to continue supporting the existence of Najibullah's regime through military aid after the withdrawal of its troops.

It is possible that other questions will also be discussed during the Washington meeting between the USSR and U.S. foreign ministers. But the most topical questions are the issue of a 50 percent reduction of strategic nuclear arms and the Afghan issue. The results of talks on these questions will undoubtedly have an important bearing on the atmosphere of the summit meeting between the two countries in May. Observers still find it difficult to give an optimistic assessment as to whether or not the two foreign ministers will be able to find a way to solve these differences.

#### World Bank Chief To Explore Loan Plans

HK230612 Beijing CHINA DAILY in English  
23 Mar 88 p 2

[By Wang Xiangwei]

[Text] Barber Conable, president of the World Bank, who is due to arrive in Beijing this evening, will meet Chinese State and party leaders, inspect World Bank-financed projects, and explore possibilities of providing more loans to China's rural development and afforestation, a leading bank official told CHINA DAILY yesterday in Beijing.

During his two-day stay in Beijing, Conable will hold talks with Zhao Ziyang, the General Secretary of the Chinese Communist Party, Li Peng, Acting Premier, Yao Yilin, Deputy Premier, and his host, Wang Bingqian, Minister of Finance.

During his meetings with Chinese leaders, he is expected to solicit detailed description of the new reform policies initiated after the Communist Party's 13th Congress in November. He will also discuss how to further improve co-operation between the World Bank and the Chinese government, particularly in the rural areas and in the sector of forestry, said Shahid Javed Burki, director of the Bank's China Country Department.

He said Conable who has a personal interest in trees, will offer financial help to China's afforestation programme which the country has been developing on its own.

He said the World Bank has agreed to lend \$15 million this year earmarked for saving the woods devastated by last year's fire in the Daxinganling Mountains of Heilongjiang Province. It will also help the Ministry of Forestry to set up a fire-fighting service including projects for weather forecasting and aerial monitoring.

He declined to say whether any agreements will be made during Conable's talks with Chinese officials but added "Mr Conable puts much emphasis on afforestation in the developing countries. If there is any agreement between the World Bank and the government, then the bank's involvement in Chinese forestry will increase significantly."

Burki said for the fiscal year which ends in June this year, World Bank loans will probably increase to \$1.8 billion financing about 13 projects in China.

For the next fiscal year, the bank will expect to lend more than \$2 million and in the following five years, it also expects to lend \$3 billion annually to China. "This will be the biggest programme we'll do anywhere in the world in the next two to three years when China will become the biggest borrower from the World Bank," he said.

He said the next year's \$2 billion in loans will be divided into 14 loans to finance 12 projects for the construction of highways, ports, power stations, health and agricultural facilities.

He said the bank continues to emphasize assisting rural development, adding that about 20 to 25 per cent of loans would usually go to the countryside.

#### **Sino-Portuguese Accord on Macao Filed at UN**

OW230411 Beijing XINHUA in English 0036 GMT  
23 Mar 88

[Text] United Nations, March 22 (XINHUA)—China and Portugal today simultaneously filed an application with the United Nations secretary general for registration of their joint declaration on the question of Macao.

Ding Yuanhong, acting permanent representative of China to the United Nations, and Joao Uva de Matos Proenca, permanent representative of Portugal to the United Nations, presented notes on behalf of their respective governments and copies of the joint declaration to under secretary general and UN legal counsel Carl-August Fleischhauer.

According to Article 102 of the UN Charter, every treaty and international agreement entered into by UN member states should be registered with the UN Secretariat and published by it. Otherwise, contents of these agreements cannot be invoked or quoted before any organ of the world body.

Accepting the documents on behalf of Secretary General Javier Perez de Cuellar, Fleischhauer noted that, like the joint declaration on the question of Hong Kong between China and the United Kingdom, this document will make "very valuable" contribution to international cooperation.

"The signing of the declaration by China and Portugal indicates that the two governments acted in strict observance of the principles for peaceful settlement of disputes as stated in the charter," he said.

The declaration was signed by the premiers of the two countries in Beijing on April 13 last year. It states that China will resume the exercise of sovereignty over Macao as of December 20, 1999.

Ambassador Ding said the two declarations on Hong Kong and Macao questions "are two important instances that issues left from history have been successfully resolved by peaceful means and in keeping with the principles of the UN Charter."

Ambassador de Matos also concurred that the joint declaration between Portugal and China over the future of Macao "is an excellent example for peaceful settlement of disputes".

According to Fleischhauer, the UN legal department will register and publish the joint declaration as soon as possible.

#### **United States and Canada**

#### **U.S. Firm Opens Electronics Testing Course**

HK220945 Beijing CHINA DAILY in English  
22 Mar 88 p 2

[Text] The American-based Hewlett-Packard [HP] Company yesterday opened a training course in Beijing on electronics testing technology for local technicians of China Hewlett-Packard [CHP] Company. This is the first time a Sino-foreign company has conducted such a training course, which will also introduce advanced electronics testing technology. It is also the first time HP has held the course outside its U.S. headquarters. The

13-day course will cost \$80,000 altogether. More than 50 pieces of testing equipment worth \$1 million were sent to China and more than five experienced teachers from HP were invited to give lectures. About 30 technicians from CHP will attend the course and over a hundred users will participate in demonstrations.

**U.S. Expert Lectures on Tourism Management**  
OW230505 Beijing XINHUA in English 1143 GMT  
22 Mar 88

[Text] Beijing, March 22 (XINHUA)—Thomas Peters, an American management expert, discussed tourism management with more than 200 of Beijing's hotel and travel agency management personnel yesterday.

In a lecture which contained information on leadership skills and personnel training, Peters said, "an enterprise's success lies in good service, and without this, luxury hotels cannot attract customers."

"The most important aspect of enterprise management," Peters said, "is to bring employee initiative into full play and make the best use of workers' talents."

When talking about management leadership skills, Peters said, "a manager has to care about his staff and the best manager doesn't have an office."

According to Peters, "employees should be trained in various fields so they are more skillful and can easily adapt to change."

Thomas Peters has a master's degree in management and Ph.D. in business from Stanford University, and has written two influential books on enterprise management.

At yesterday's lecture, sponsored by the Beijing Tourism Administration Bureau and the Beijing Tourism College, Peters also answered questions raised by participants.

**U.S. Sends Pair of Alaskan Musk-Oxen**  
OW230547 Beijing XINHUA in English 0119 GMT  
23 Mar 88

[Text] Washington, March 22 (XINHUA)—The United States Monday sent a pair of Alaskan musk-oxen to China to continue a commitment it made in 1972 when the two countries agreed to exchange a pair of pandas and two musk-oxen, it was learned here today.

The two musk-oxen named "Koyuk" and "Tanana" departed from Fairbanks, Alaska, yesterday. They will be held in a 30-day quarantine before being put on public display at the Beijing Zoo.

However, prior to their first public appearance in China, "Tanana" could possibly bear her first calf. Tests will soon confirm whether she is pregnant.

In 1972 when the door to U.S.-China relations was first opened, China sent a pair of giant pandas to the U.S. and received two musk-oxen from the U.S. The two musk-oxen eventually succumbed to age and infirmity.

The present transfer of musk-oxen "has come about through efforts within official channels and through some very fortunate coincidence," according to the U.S. Interior Department's Fish and Wildlife Service Deputy Director Steve Robinson.

After learning the death of the two musk-oxen, an American citizen named Helen Miller from Georgia started a one-person letter-writing campaign to the National Zoo, the U.S. Fish and Wildlife Service, the secretary of the interior, and the White House to enlist aid in replacing the deceased musk-oxen.

"I just felt it was a matter of national honor and self-respect to replace the musk-oxen," said Mrs. Miller.

"Millions of American citizens have had an opportunity to see the pandas, China's gifts to U.S. I felt it was high time we return the favor and let the Chinese people enjoy the gift of our musk-oxen as our nation had intended," she added.

**Soviet Union**

**Children Receive Gorbachev Reply to Letter**  
OW230921 Tokyo KYODO in English 0853 GMT  
23 Mar 88

[Text] Beijing, March 23 KYODO—Two Chinese children have received a letter from Soviet leader Mikhail Gorbachev in response to a plea for Sino-Soviet friendship they sent to him in January, according to Eastern bloc sources in Beijing.

The two children from Sichuan Province, home of China's senior leader Deng Xiaoping, had apparently sent the letter addressed to Gorbachev and signed by 1,000 other children through the Soviet embassy in Beijing. They said they supported the Soviet leader's peace initiatives and calls for friendship between the two nations. Other details, including the ages of the children and whether they sent the letter on their own initiative, were not known.

Gorbachev replied recently expressing his pleasure at the message emphasizing the importance of peace, and joining in the call for friendship between the Soviet Union and China and between children of the two countries. He enclosed a signed photograph of himself.

The disclosure of the letters recalls the 1983 exchange of letters between an American schoolgirl, Samantha Smith, and late Soviet leader Yuriy Andropov. Samantha visited the Soviet Union at the invitation of the

Kremlin, and the Soviets sent their own youth emissary to the United States the following year. Samantha later died in a plane crash in the U.S.

However, this is the first such exchange to be reported between Soviet Union and China, and reinforces the recent trend toward a warming in their relations.

If the letters were indeed sent by the children on their own initiative, it would signal the extent to which China has opened up, the sources said.

Even if the letter was contrived by the Chinese government, it would still show the Chinese side's positive attitude toward an improvement in Sino-Soviet relations, according to the sources.

The Eastern bloc sources are therefore keen to see how the Chinese media will approach the matter or if it will even be reported.

### Near East and South Asia

#### **Li Xiannian, Li Peng Greet Pakistani Leaders** BK230859 Beijing in Urdu to India and Pakistan 1600 GMT 22 Mar 88

[Text] President Li Xiannian and the acting prime minister, Li Peng, yesterday sent messages of greetings to Pakistan's President Mohammad Ziaul Haq and Prime Minister Mohammad Khan Junejo respectively on the occasion of Pakistan Day.

In his message to President Ziaul Haq, President Li Xiannian says on the occasion of the national day of the Islamic Republic of Pakistan: I, on my own behalf and on behalf of the Chinese people, extend warm greetings and good wishes to your excellency and to the friendly people of Pakistan. The hard-working and able people of Pakistan will continue to strive for the reconstruction and defense of their country and will achieve satisfactory success under the guidance of your excellency and the Pakistani Government.

In the sphere of international affairs, Li Xiannian says: Pakistan has been following a foreign policy of sovereignty, peace, and nonalignment and has been extending full support to the just struggle of the people of various Third World countries. It has made active efforts to find a just and equitable solution to the Afghanistan problem and rendered valuable services for the promotion of peace, stability, and cooperation in the region. I wholeheartedly wish the Pakistani people new successes in various fields of life.

Pakistan and China are close friends and neighbors. The Sino-Pakistani friendship and their friendly and cooperative relations have received new vigor as a result of mutual efforts. I wish that the Islamic Republic of

Pakistan may always remain prosperous and strong and its people happy and cheerful, and your excellency may remain healthy and be successful in your work!

In his message to Prime Minister Mohammad Khan Junejo, the acting premier, Li Peng, says: We have seen with great pleasure the untiring efforts made by the Pakistani Government for the growth and development of the national economy and for raising the standard of living of the people. The 5-point program presented by his excellency the prime minister is being implemented, and encouraging changes are taking place in the socio-economic conditions of Pakistan. Pakistan has consistently maintained a principled stand in international affairs and is an upholder of justice. It has rendered effective services for peace and stability in South Asia and for the just and equitable settlement of the Afghanistan problem, which have been greatly admired by the world public opinion.

Li Peng says: The Sino-Pakistani friendship and their friendly and cooperative relations, which are based on the principles of peaceful coexistence, have recorded considerable growth in various fields. This friendship is not only beneficial for the people of the two countries, but also serves the cause of peace and stability in Asia and the world as a whole. I wish to strive continuously, together with his excellency, to further consolidate the friendship and cooperative relations between the two countries. I wish that the Islamic Republic of Pakistan may continue to march on the path of prosperity and happiness and his excellency may always remain healthy and happy.

#### **Air Force Commander Departs for Pakistan** OW221154 Beijing XINHUA in English 0907 GMT 21 Mar 88

[Text] Beijing, March 21 (XINHUA)—Wang Hai, commander of the Air Force of the Chinese People's Liberation Army, left here today for a three-week visit to Pakistan, Turkey and Egypt.

Wang, and a Chinese Air Force delegation he is leading, were invited by the chief of staff of the Pakistani Air Force, Turkish air commander, and Egyptian air commander to visit their respective countries.

During an interview with XINHUA, Wang said the purpose of his three-nation tour is to promote mutual understanding, improve upon current friendly relations and learn from each others' experiences in developing a modern air force.

He said that during the first leg of their visit, they will review the Pakistani Air Force and take part in a grand military parade ceremony in honor of Pakistan's National Day on March 23.

From there, the delegation will go to Turkey for a one-week visit, and then on to Egypt for one week also before returning home in mid-April.

Wang, aged 62, is one of New China's first generation pilots.

After he joined the Chinese People's Liberation Army in June 1946, served as a division commander, deputy Army commander, an air commander of a military area and a deputy air commander. He has been air commander since July, 1985.

He was awarded the title of hero, first class, for his acts of bravery in 1952.

Wang said the delegation can learn a lot from the Air Forces of Pakistan, Turkey and Egypt, due to their being equipped with some of the advanced planes in the world. He added that this will enable China to speed up the modernization of its own Air Force.

#### Arrives for 6-Day Visit

OW222357 Beijing XINHUA in English 1459 GMT  
22 Mar 88

[Text] Islamabad, March 22 (XINHUA)—A 6-member Chinese Air Force delegation led by Wang Hai, commander of the Air Force of the Chinese People's Liberation Army, arrived here this afternoon from Karachi, Pakistan's largest city, on a 6-day visit to the country.

Wang Hai and his party were greeted by Air Marshal Hakimullah, the chief of staff of the Pakistani Air Force and other high-ranking officers at Chklala Air Force Airport in Rawalpindi, twin city of Islamabad.

Wang Hai called on Air Marshal Hakimullah later. They reviewed the existing friendly relations between the two countries and the two armed forces, and discussed matters of common interest to the two air forces, which share a long history of cooperation at professional level. They hoped that the two air forces will strengthen their relations.

The Chinese Air Force delegation, which arrived in Karachi yesterday, will take part in a military parade ceremony in honor of Pakistan's National Day tomorrow. It is scheduled to call on Pakistan President Ziaul Haq and Prime Minister Mohammad Khan Junejo during its stay in the country.

#### Syrian Minister Praises Middle East Views

OW221242 Beijing XINHUA in English 1314 GMT  
21 Mar 88

[Text] Damascus, March 21 (XINHUA)—China and the Arab Ministerial Committee shared identical views on the necessity of achieving a just and comprehensive

solution to the Middle-East issue based on the withdrawal of Israel from all occupied Arab territories, Syrian Foreign Minister said last night as he and the delegation of the Arab Ministerial Committee returned here from Beijing.

The Arab Ministerial Committee delegation visited London, Paris, Moscow and Beijing last week to seek support for the ongoing Palestinian uprising in the Israeli occupied territories of the West Bank and Gaza Strip.

The delegation includes Syrian Foreign Minister Al-Shar', Tunisian Minister of State for Foreign Affairs Taieb Sahbani [title as received], the Arab League Secretary-General Chadli el-Klibi and head of the PLO delegation Hani al-Hassan.

Syrian Foreign Minister Al-Shar' praised China and the Soviet Union for supporting the Palestinians fighting for the liberation of their homeland and the restoration of their deprived national rights.

Al-Shar' said France also agreed that Israel should withdraw from the occupied Arab territories and the Palestinian national right be restored and a U.N.-sponsored international conference on the Middle East be held.

But he said Britain did not listen seriously enough to the Arab views and Britain's stance is still guided by the U.S. opinions.

#### East Europe

#### CSSR's Vasil Bilak Hold Talks With Hu Qili

OW231652 Beijing XINHUA Domestic Service  
in Chinese 1608 GMT 22 Mar 88

[Text] Beijing, March 22 (XINHUA)—"Our party is facing two tests, namely, the test of a party in power and the test of reforms and the open policy." Hu Qili, a leader of the Communist Party (CPC), said here today.

Hu, member of the Standing Committee of the Political Bureau and member of the Secretariat of the CPC Central Committee, made the remarks during his talks with Vasil Bilak, member of the Presidium of the Central Committee of the Czechoslovak Communist Party and secretary of its secretariat, which were held here this afternoon.

Bilak and his party arrived in Beijing today on a goodwill visit at the invitation of the CPC Central Committee.

Hu said that Bilak's visit will further promote the development of the friendly and cooperative relations between the two parties, countries and peoples.

Hu also briefed the guests on the second plenary session of the 13th CPC Central Committee. He said, "since the party's 13th national congress, the central task of the

whole party has been to assume overall control of the situation by conducting reforms and arrange for the implementation of the congress' decisions."

He said: It was proposed at our party's 13th national congress that party construction should be strengthened, economic prosperity should be achieved, and honesty should be strictly enforced in party and government institutions, along with the implementation of the reforms and open policy. The soil for unhealthy tendencies should be radically reduced, socialist democratic politics should be advanced and party cadres at all levels should be under the supervision of the masses and public opinion.

On the international communist movement, Hu noted that the situation is good in general, adding that it is pleasing to see that more and more communist parties are trying to combine the basic theory of Marxism with the realities of their own countries, and to find ways of revolution and construction which are suitable to their countries' characteristics.

Meanwhile, he said, more and more communist parties are seeking ways to set up a genuine independent relationship between parties on the basis of Marxism and on an equal footing.

Hu Qili said: The Chinese and Czechoslovak parties share identical or similar views on safeguarding peace. We value highly the efforts made by the Czechoslovak Socialist Republic to safeguard world peace and promote the easing of tension and disarmament in Europe.

During the three-hour talks, Hu also exchanged views with Bilak on the current international situation, experiences in party work and the exchanges between the two parties.

Bilak briefed Hu on the political and economic situation in Czechoslovakia, and his party's efforts to build socialism and to raise the people's living standards.

He said that his country is now developing and reforming itself in accordance with its specific conditions. This can be likened to the construction of houses. A house must be built in accordance with the land conditions and

the building materials available. We cannot copy other countries' experiences, but we need to learn the strong points of all other countries, he said.

Attending the talks were Zhu Liang, member of the CPC Central Committee and head of the committee's International Liaison Department, and Zdenko Cheben, Czechoslovak ambassador to China.

After the talks, Hu gave a banquet in honor of the guests. Among those attending the banquet was Wen Jiabao, alternate member of the secretariat of the CPC Central Committee.

#### Attends Dinner

*LD222206 Prague CTK in English 2129 GMT  
22 Mar 88*

[Text] Beijing March 22 (CTK Correspondent) Member of the Presidium and secretary of the Czechoslovak Communist Party Central Committee Vasil Bilak held talks here today with member of the standing committee politburo and secretary of the Chinese Communist Party Central Committee Hu Qili.

Both representatives appreciated the full normalization of relations between China and Czechoslovakia and voiced support for the further expansion of cooperation between their parties and countries.

Both sides welcomed the signing of the Soviet-U.S. INF treaty and supported further steps in this direction leading to the limitation of strategic nuclear weapons and other kinds of arms.

Hu Qili said that from the viewpoint of disarmament there are no large and small countries and that China appreciates Czechoslovakia's peaceful foreign policy. As he said, if there is no war in this century, there is a chance that it could be quite excluded in the future.

At the conclusion of the talks Hu Qili gave dinner in honour of Vasil Bilak. The Czechoslovak Communist Party official appreciated in his toast identical or close stands on a number of basic issues. He stressed that Czechoslovakia highly praises all positive steps taken by China in the interest of maintaining and strengthening peace in the world.

## Sixth NPC Standing Committee Holds 25th Session

### Appoints Court Officials

OW221413 Beijing XINHUA Domestic Service in Chinese 1514 GMT 12 Mar88

[Text] Beijing, 12 Mar (XINHUA)—Namelist of Appointments by the NPC Standing Committee

Approved by the 25th Meeting of the 6th NPC Standing Committee on 12 March 1988

1. Appointment of Xiao Yongzhen [5618 3057 4176] as the deputy chief judge of the Economic Division of the Supreme People's Court.

2. Appointment of Zheng Hengshun [6774 1854 7311], Tang Guozhong [0781 0948 1813], Xiao Fengyun [5618 7685 0061] (female), Li Junwen [2621 0193 7186] (female), Sun Kuiyuan [1327 1145 0337], Qin Dong [4440 5878], Hu Jiuyuan [5170 0036 6678], Wang Maochen [3769 5399 3819], Dong Qingze [5516 3237 3419] (female), Liu Zhenhuan [0491 2182 1403], Kong Shuhua [1313 3219 5478] (female), Shi Hufang [1597 1920 5364] (female), and Deng Zifang [6772 4793 5364] (female) as the judges of the Supreme People's Court.

3. Appointment of Zhang Fenge [1728 7685 7041] (female) as the procurator of the Supreme People's Procuratorate.

Achievements of 6th NPC Reviewed  
OW230114 Beijing XINHUA in English 0649 GMT 22 Mar 88

[“Sixth Congress Leaves Legacy of Achievements” — XINHUA headline]

[Text] Beijing, March 22 (XINHUA) — The Sixth National People's Congress winds up its five years in power this week.

During its term, the congress expanded the legislative power of its Standing Committee and strengthened its legislative work, formulated 35 laws and adopted 28 resolutions.

At the same time, standing committees have been established by People's Congresses at and above the county level to more closely supervise local governments. These local congresses and their standing committees have enacted 630 local regulations.

The National People's Congress also established specialized committees on nationality affairs, laws, finance and economy, education, science, culture and public health, foreign affairs and Overseas Chinese affairs.

The national and local congresses have deliberated on many major issues, including ratification of the Sino-British Joint Declaration on Hong Kong and setting out China's Seventh Five-Year Plan for socio-economic development.

Bolstered by the Constitution, the NPC has become more active in supervising government work, abolishing unconstitutional regulations and practices and stopping unlawful acts.

It examined the annual state budget and work reports of the State Council, the Supreme People's Court and Procuratorate as well as reports on reforming the pricing and labor systems.

Another big change brought on by the national congress has been reform of its election system. During the latest elections throughout the country over 80 percent of the candidates for People's Congresses are nominated by the voters.

The practice of nominating more candidates than posts available is now widespread. Such a practice has also been introduced in electing leaders of the government, standing committees, and heads of courts and procuratorates. All elections are by secret ballot.

In the past five years, NPC deputies put forward 830 motions and made 14,215 proposals, criticisms and suggestions, greatly promoting the country's work in various fields.

At the same time, the NPC Standing Committee has become more efficient in its work and the standing committees of local People's Congresses now meet more regularly.

The NPC has also broadened contacts with parliaments of other countries and in the past five years has received 66 delegations from foreign parliaments and sent delegations to 60 countries.

## Preparations Underway for Opening of Seventh NPC

### First Deputies Arrive

OW221224 Beijing XINHUA in English 1251 GMT 21 Mar 88

[Text] Beijing, March 21 (XINHUA) — The first group of deputies to the First Session of the Seventh National People's Congress (NPC) arrived in Beijing today.

They came from Fujian, Jiangxi, Hubei and Jiangsu Provinces.

Before coming to Beijing, the deputies from Hubei Province solicited opinions from the grassroots on issues of common concern and drafted motions on local industrial and agricultural production, price rises and treatment of women workers, said Vice-Governor Liang Shufen at the capital airport.

"We will use this opportunity to discuss state affairs and safeguard the rights and interests of the people," Liang said.

### Greater Openness Urged

OW230603 Tokyo KYODO in English 0449 GMT  
23 Mar 88

[Text] Beijing, March 23 KYODO—Chinese leaders have called on dissenters to speak up at the National People's Congress opening Friday as authorities prepare for greater openness in press reporting.

Bo Yibo, vice chairman of the Party Central Advisory Commission, urged the party leadership over the weekend to open the way for dissenters to raise issues which may conflict with the views of the party leadership, according to reports in the local press.

The official newspaper the PEOPLE'S DAILY, reflecting the party line for more openness, is also devoting considerable space to championing the reporting of dissenting views at the upcoming congress.

Another newspaper, CHINA YOUTH NEWS, even suggested that the Chinese press should report on dissenting votes. The Chinese media, all controlled by the government, usually ignore negative votes.

The latest move for greater openness reflects the stepped-up efforts by the Chinese leadership to generate more public debate on party and state affairs, Western diplomats say.

"The Chinese leadership apparently wants the public to forget the myth that China is united as one," one diplomat said.

He said that by lifting the lid on dissent, the party leadership may enhance a sense of greater unity among the people.

As part of China's new move toward openness, the Chinese authorities have also encouraged the foreign press to cover proceedings of the National People's Congress in a move that began with the 13th party congress held last October.

As with the party congress, the opening ceremony of the NPC session and the main press conferences will be telecast live and panel discussions will be video-taped. Chinese sources said.

Apart from 140 foreign reporters stationed in Beijing, about 40 reporters are coming from overseas to cover the NPC session, in addition to scores more from Hong Kong and Macao, the sources said.

Interest in the NPC session has risen over expectations of conflicting views at the NPC on how fast the government should push China's economic reform.

While the reformist camp, headed by party chief Zhao Ziyang, is set for an all-out drive to accelerate China's open-door policy, Acting Premier Li Peng and other leaders in the conservative camp are calling for greater caution and moderation.

Expectations of possible fireworks at the NPC session are particularly strong among the Hong Kong press corps, which is watching to see whether any of the 80 Hong Kong members of the NPC will emulate the outspokenness of a local delegate to the Guangdong Provincial Congress last month.

Priscilla Lau, a college lecturer, reportedly stunned 700 deputies of the Guangdong Provincial Congress when she moved an amendment to a motion expressing satisfaction at the judiciary work in the province. Her defiant act was said to be unprecedented in any Chinese legislature.

### First Session of Seventh CPPCC To Open March 24

Spokesman Holds Press Conference  
OW230738 Beijing XINHUA in English 0715 GMT  
23 Mar 88

[Text] Beijing, March 23 (XINHUA)—The First Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) is to open at 03:00 P.M. on March 24 in the Great Hall of the People and will last about 18 days.

The announcement was made by Sun Yiqing, spokesman for the CPPCC National Committee first session, at a press conference attended by more than 200 Chinese and foreign reporters here today.

He said that the CPPCC first session coincides with the First Session of the Seventh National People's Congress.

The CPPCC session's agenda, he said, includes:

- Election of the chairman, vice-chairmen, secretary-general and Standing Committee members of the CPPCC Seventh National Committee;

- Hearing a work report of the Standing Committee of the CPPCC Sixth National Committee; and

— Attending as observers the First Session of the Seventh National People's Congress, hearing relevant reports and discussing relevant issues.

Led by Chairwoman Deng Yingchao, the Sixth CPPCC National Committee has done a lot in creating a new situation of vigorous development, he said.

Deng Yingchao, some vice-chairmen and Standing Committee members of the Sixth National Committee will not be included in the Seventh CPPCC National Committee because of their poor health and advanced ages. "But their contributions, influence and prestige will always be remembered," he said.

Over the past five years, the CPPCC has added more than 1,000 grass-roots organizations at and above the county level including 150,000 members. Now, there are 2,800 CPPCC organizations at all levels throughout China, with a combined membership of 350,000.

"The CPPCC has played an increasingly important role in line with the development of socialist democracy," he told the reporters.

He noted that proposals by CPPCC members have been adopted for major construction projects concerning China's economic development and people's livelihood.

The implementation of a proposal by 90 CPPCC members concerning fireworks, he said, has enabled Beijing to drastically reduce fire accidents during festivals.

In line with a proposal by CPPCC members, China has designated a teachers' day to be celebrated every year.

The spokesman said: "Practice has proved that the CPPCC is an important organization for carrying forward socialist democracy, and promoting multi-party cooperation under the leadership of the Chinese Communist Party."

"It is expected to continue its important role in implementing the basic line for the primary stage of socialism, and promoting China's reforms, open policy and modernization program."

He told the reporters that the Seventh CPPCC National Committee has 2,081 members, 42 more than the previous committee.

The average age of new members is below 60. The current committee has more members from among people of non-communist parties, women and ethnic minority people.

#### Preparatory Meeting Held

OW230915 Beijing XINHUA in English 0845 GMT  
23 Mar 88

[Text] Beijing, March 23 (XINHUA)—A preparatory meeting for the First Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) opened in the Great Hall of the People here this afternoon.

Deng Yingchao, chairman of the Sixth National Committee of the CPPCC, presided over the meeting.

She was greeted by a warm applause in tribute to her successful efforts in leading the Sixth National Committee.

The meeting approved the name list of the 307 members of the Presidium for the First Session of the Seventh CPPCC National Committee, and Zhou Shaosheng was approved as the secretary-general. The Presidium is to preside over the session.

It also approved the agenda for the session: Hearing and examining a work report of the Standing Committee of the Sixth CPPCC National Committee and a report of the Proposals Handling Committee, examining and approving the composition of a new Proposals Handling Committee, and attending the First Session of the Seventh National People's Congress as observers.

According to the agenda, the CPPCC session will also elect the Seventh CPPCC National Committee's chairman, vice-chairmen, secretary-general and Standing Committee members, examine and approve a report of the new Proposals Handling Committee, and examine and approve relevant resolutions.

At the end of the meeting, Deng Yingchao declared that the Sixth National Committee has concluded its responsibility, and she wished the new CPPCC session success.

#### Li Xiannian Presides Over Presidium

OW230949 Beijing XINHUA in English 0913 GMT  
23 Mar 88

[Text] Beijing, March 23 (XINHUA)—The Presidium of the First Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC), which is scheduled to open tomorrow, held its first meeting here this afternoon.

Li Xiannian, chairman of the Presidium, presided over the meeting.

Yan Mingfu, member of the Secretariat of the Central Committee of the Chinese Communist Party, submitted to the Presidium for discussion and approval the list of names of the 29 executive chairmen of the Presidium of the First Session of the Seventh CPPCC National Committee, which includes Li Xiannian.

The executive chairmen include 14 Communist Party members and 15 representatives from democratic parties, people's organizations, minority nationalities, the religious circle and non-party people, he said.

The namelist is a result of deliberation at three consultation meetings which were called earlier this month by the CPC Central Committee and attended by leaders of the democratic parties and the people's organizations, and public figures with no party affiliations.

The Presidium approved the namelist unanimously.

Today's Presidium meeting also approved the agenda for the First Session of the Seventh CPPCC National Committee.

The meeting confirmed that Qian Xuesen will read the report on the work of the Standing Committee of the Sixth CPPCC National Committee.

#### **Namelist Includes Li Xiannian**

*OW231001 Beijing XINHUA Domestic Service  
in Chinese 0831 GMT 23 Mar 88*

[Text] Beijing, 23 Mar (XINHUA)—Namelist of Permanent Chairmen of the Presidium of the First Session of the Seventh CPPCC National Committee:

(A total of 29)

(Approved by the First Meeting of the Presidium of the First Session of the Seventh CPPCC National Committee on 23 March 1988)

Li Xiannian, Wang Renzhong, Yan Mingfu, Fang Yi, Gu Mu, Yang Jingren, Kang Keqing (female), Pagbalha Geleg Namgyai, Hu Ziang, Qian Changzhao, Zhou Pei-yuan, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Zhao Puchu, Qu Wu, Ba Jin, Ma Wenrui, Liu Jingji, Wang Enmao, Qian Xuesen, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Lu Jiaxi, Qian Zhengying (female), Su Buqing, and Ismail Amat.

#### **Proposals Have High Adoption Rate**

*OW222335 Beijing XINHUA in English 1257 GMT  
22 Mar 88*

[Text] Beijing, March 22 (XINHUA)—Most of the 7,661 proposals put forward by members of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC) since 1983 have been considered and adopted.

The figure is more than double the total adopted by the previous CPPCC National Committee, a leading official of the CPPCC Proposals Handling Committee, said today.

Since 1983, 1,320 CPPCC members, or 65 percent of the total, have put forward proposals.

The proposals involve every aspect of political, economic, and social life, the official said.

Some focus on major issues such as China's modernization, reforms, open policy, and reunification, while others contain specific methods to promote what is beneficial and abolish what is harmful.

The proposals show that CPPCC members are closely involved in the country's political affairs and are performing well in their role as supervisors over government policy.

They have greatly helped promote China's socialist modernization, reforms, open policy, and work in all areas, he said.

For example, a proposal by Hu Ziang, Ji Fang, and Zhao Puchu, vice chairmen of the CPPCC National Committee, on the establishment of a health center for the handicapped, was adopted promptly by government departments.

Another proposal by Ni Songmao and other CPPCC members on developing Meizhou Bay in Fujian Province, into a deep-water port, was included in the country's Sixth 5-Year Plan (1981-85) by the State Planning Commission.

CPPCC member Dai Henggui's tentative plan for southwest China's economic development strategy along with one by CPPCC member Yang Jike on developing energy resources in central and western China were included as important reference materials in drawing up China's Seventh 5-Year Plan (1986-90) and long-term development plans.

The official summarized the development of the CPPCC proposal process over the past 5 years as "one of further defining the status and role of proposals by CPPCC members in the nation's political life".

He listed the following facts to illustrate his summary:

—The establishment of the Proposals Handling Committee;

—Implementation of the principle of no limits to when a proposal can be raised, its contents or the number of members signing on to a proposal, and

—Improved links between the National Proposals Handling Committee and its related provincial committees.

He stressed the need to supply CPPCC members with more information to enable them to make more and better proposals.

**Hong Kong, Macao Deputies Arrive**  
OW221934 Beijing XINHUA in English 1613 GMT  
22 Mar 88

[Text] Beijing, March 22 (XINHUA)—Some 50 Hong Kong and Macao members of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) arrived here this afternoon for the first plenary session of the committee.

Upon his arrival in Beijing, Ka Kwai-fan, chairman of the Tai Yieh Construction Company in Hong Kong and also a member of the Fifth and Sixth CPPCC National Committees, told XINHUA that he believed the coming session, scheduled to open Thursday, will be even more successful than the previous ones.

Alice Cheng, vice-president of the Chinese General Chamber of Commerce of Hong Kong, said that she was excited about attending such a meeting for the first time, feeling a great sense of mission.

Cheng, who attended a conference of the All-China Women's Federation in Beijing in 1984 and visited Beijing last year as the head of a group from the Hong Kong management association, predicted that the development of an export-oriented economy on the mainland will be a hot topic for discussion at the current session.

She remarked that it is important to improve the quality of managerial personnel in order for China to develop an export-oriented economy. She plans to sponsor four more symposiums on industrial and commercial management on the mainland this year, following two that have already been held.

The Hong Kong and Macao members were welcomed at the airport by leading officials of the CPPCC National Committee and the United Front Work Department of the Chinese Communist Party Central Committee.

Luo Hanxian, deputy secretary general of the CPPCC National Committee, briefed the Hong Kong and Macao members on the preparations for the session and asked them to freely air their criticisms and suggestions about the work of the CPPCC during the coming session.

**Hong Kong Delegates on Basic Law**  
HK230555 Hong Kong SOUTH CHINA MORNING  
POST in English 23 Mar 88 p 2

[By Stanley Leung]

[Text] The drafting of the Basic Law and the brain drain from Hong Kong will be among the issues local delegates will raise at the annual meeting of the Chinese People's Political Consultative Conference which opens in Beijing tomorrow.

Most of the 67 Hong Kong and Macao delegates of the consultative body left for Beijing yesterday.

Leading a batch of about 20 newly-appointed delegates were Meeting Point political pressure group leader Lau Nai-keung and former Wan Chai District Board Chairman Mrs Peggy Pei Lam.

Mr Lau said he would raise the controversial Basic Law issue on the formation of the first post-1997 government and the drafting process.

He said he would try to reflect different views on the future political system instead of only presenting that of his pressure group, which advocates more direct elections to the legislature before and after 1997.

Mr Lau acknowledged that the conference's main aim was to unite China and Taiwan and he felt its consultative and monitoring role should be strengthened to become as influential, for example, as the House of Lords in Britain.

He said he would discuss economic development and political reform in Beijing with other delegates.

Mr Lau said he endorsed the separation of powers of the party from the state. "Although this was a direction decided at the 13th party congress in October, there are many problems on how to implement the proposals."

Another delegate, Legislative Councillor Ho Sai-chu, said he would raise the problem of Hong Kong's brain drain because he was concerned about the growing number of locals seeking second passports.

Steps should be taken to encourage Hong Kong people to return to the territory, he said.

Commenting on whether the Legislative Council should debate the Basic Law, Mr Ho said it was not a major issue for China and there were more effective channels to discuss it.

Local magazine publisher Xu See-ming said he was concerned with the question of China's unification because it did not have a stated goal although it had been successful in the past during the Japanese invasion and the liberation of the country.

Mrs Lam said she would try to reflect the views of the grassroots at the session.

The director of the Macao branch of the NEW CHINA NEWS AGENCY, Mr Zhou Ding, also a new delegate, said Beijing was preparing to appoint a Basic Law Drafting Committee for the Portuguese enclave.

He said the drafting body would be formed at the China's National People's Congress plenum which opens on Friday.

**XINHUA Carries 'Backgrounder'**  
OW231020 Beijing XINHUA in English 0904 GMT  
23 Mar 88

[**"Backgrounder: Chinese People's Political Consultative Conference (CPPCC) — XINHUA headline"**]

[Text] Beijing, March 23 (XINHUA)—The Chinese People's Political Consultative Conference (CPPCC) is a patriotic united front organization led by the Communist Party of China. It is made up of delegates from the Chinese Communist Party, eight democratic parties, non-party democrats and people's organizations, delegates from various minority nationalities and from all walks of life, and Taiwan, Hong Kong and Macao compatriots and returned Overseas Chinese, as well as specially invited people.

The CPPCC is an important instrument of socialist democracy in China's political life. In accordance with the policy of "long-term coexistence and mutual supervision" between the Chinese Communist Party and the democratic parties and non-party personages, and the principle of "treating each other with all sincerity and sharing weal or woe", the CPPCC participates in political consultations with regard to major state policies and important issues concerning the people's life, and practices democratic supervision to the Chinese Communist Party and People's Government by making suggestions and criticism, so as to assist the state organs to improve their work, raise working efficiency, overcome bureaucracy. Such supervision differs from that of the National People's Congress. It has no legal effect.

Known as the government's "think tank", the CPPCC Committee at all levels contains large numbers of activists and public figures from various walks of life, experts and scholars of all fields. Apart from participating in consultations and discussions on state and local affairs, they are organized in a dozen special working groups such as international issues, culture, education, science and technology, legal system, economic construction, and public health and medical work, and make investigations and studies on important questions in the modernization drive and put forward suggestions to the local and central governments.

The first plenary session of the Chinese People's Political Consultative Conference was held in Beijing (the then Beiping) in September, 1949. Exercising the functions and powers of the National People's Congress, the country's highest legislative body, at that time, the CPPCC proclaimed the founding of the People's Republic of China. After the convening of the first National People's Congress in 1954, the CPPCC became an organization of the united front, and has done much work in China's political and social life and in the field of friendly exchanges with foreign countries.

With the expanding of the patriotic front, the CPPCC has greatly developed. There are now more than 2,800 CPPCC organizations at all levels throughout the country and the number of the CPPCC National Committee members have increased from 180 in 1949 to 2,081 of the Seventh CPPCC National Committee which is scheduled to hold its first session tomorrow, and the CPPCC local committees have a total of 350,000 members.

The CPPCC National Committee is elected once every five years, and meets in session once a year. In order to participate in the consultations and discussions of the government policies, the CPPCC session always convenes simultaneously with the National People's Congress and the CPPCC members attend the National People's Congress as nonvoting deputies.

The first plenary session of the CPPCC was held in Beijing between September 21 and 30, 1949, and was attended by 662 delegates. The session adopted the "Common Program of the Chinese People's Political Consultative Conference" which served as the country's temporary Constitution during the early period of New China, proclaimed the founding of the People's Republic of China, elected the Committee of the Central People's Government of the People's Republic of China with Mao Zedong as its chairman, decided the national flag and anthem, and elected the first 180-member National Committee of the CPPCC. The first CPPCC National Committee held its first plenary session in Beijing on October 9, 1949, elected Mao Zedong chairman of the National Committee, and decided on October 1 as the National Day of the People's Republic of China. The First National Committee of the CPPCC held four sessions in all.

The first plenary session of the Second CPPCC National Committee, held in Beijing in December 1954, was attended by 559 members. It adopted the Constitution of the CPPCC which proclaimed that the CPPCC would continue to exist as an organization of the People's Democratic United Front. Mao Zedong was elected honorary chairman, and Zhou Enlai, chairman, of the Second CPPCC National Committee at the same session. The Second CPPCC National Committee held three sessions in all.

The Third National Committee of the CPPCC held its first session in Beijing in April, 1959, with its membership increased to 1,071. Starting from this session, the members of the CPPCC National Committee began to attend the National People's Congress as observers. Mao Zedong and Zhou Enlai were elected honorary chairman and chairman of the Third CPPCC National Committee. The Third National Committee of the CPPCC held four sessions in all.

The Fourth National Committee of the CPPCC held its first session in Beijing from December, 1964, to January, 1965, attended by 1,199 members. The session elected

Mao Zedong and Zhou Enlai honorary chairman and chairman of the National Committee respectively. The CPPCC was forced to stop its activities because of the "Cultural Revolution" (1966-76). The Fourth National Committee only held one session.

The Fifth National Committee of the CPPCC held its first session in Beijing from February to March, 1978, with its membership increased to 1,988. The session elected Deng Xiaoping chairman of the Fifth CPPCC National Committee. The Fifth National Committee held five sessions.

The Sixth National Committee of the CPPCC held its first session in Beijing in June, 1983, attended by 2,039 members. The session elected Deng Yingchao chairman of the Sixth CPPCC National Committee. The Sixth National Committee held five sessions.

#### Various Media on Upcoming NPC, CPPCC Meetings

**Hong Kong Paper Gives Views**  
HK231020 Hong Kong HSIN WAN PAO in Chinese  
23 Mar 88 p 1

[“New Talk”: “Political Transparency of NPC and CPPCC Sessions”]

[Text] The opening of the Seventh NPC and the Seventh CPPCC is near at hand. The CPPCC held a preparatory meeting this afternoon and will begin its official meeting tomorrow. The NPC will hold a preparatory meeting tomorrow to approve the agenda and will officially open the meeting the day after.

According to reports from Beijing, the NPC session will last 3 weeks and will be divided into two stages. During the first stage, the Government Work Report, the 1988 Economic Plan Report, the Draft Budget Report, and explanations on the State Council's structural reform will be heard. During the second stage, deliberations and elections will be carried out and the state president, NPC Standing Committee chairman, and State Council premier will be selected.

Regarding new state leaders, arrangements were more or less already made at the 13th Party Congress. Such arrangements were discussed again and some changes were made at the 2d Plenary Session of the 13th CPC Central Committee held recently.

The names of several candidates have been disclosed. For example the candidate for state president is Yang Shangkun for NPC Chairman is Wan Li, for CPPCC Chairman is Li Xiannian, and for State Council premier is Li Peng.

In addition to the vice premiers, seven candidates for State Councillor have been newly disclosed. They are Wang Fang (present Public Security minister), Li Guixian (secretary of the Anhui Provincial CPC Committee), Zou Jiahua (minister of State Machine-Building Industry Commission), Chen Junsheng (secretary-general of the State Council), Chen Xitong (Beijing mayor), Li Tieying (minister of the State Commission for Restructuring the Economic System), and Qin Jiwei (commander of the Beijing Military Region).

Another thing we want to see is, at a time when cooperation among various parties is being strengthened, how many leaders of the various democratic parties will take up government posts and which posts they will take. Only with participation will various democratic parties be able to play their supervisory role.

The policy of opening further was formulated at the 13th Party Congress last year and the congress itself was held in a very open manner. Many NPC deputies and CPPCC members have expressed their hope that the NPC and CPPCC meetings will be held in an even more open manner, so that democracy will be further developed and the political transparency of the two meetings will be increased.

Professor Yang Jike of the University of Science and Technology of China and former vice governor of Anhui Province, suggested that journalists should be allowed to report on the two meetings according to the actual situation as they see and hear it, and the differing and even opposing views of NPC deputies and CPPCC members on major state affairs, so long as no state secret is disclosed and the state interest is not undermined.

Noted scholar Qian Jiaju, who has come to Beijing from Guangdong and whose speech at last year's CPPCC meeting was applauded on 16 occasions but was not published in any domestic newspaper, hoped that news reporting this time can keep abreast of the open situation.

According to reports, a total of 800 Chinese and foreign reporters will cover the two meetings. While the meetings are in session reporters will be permitted to report almost all discussions by various groups and attend the discussions as observers so that all quarters can have a good understanding of the meetings.

Many reporters from Hong Kong's mass media have also been sent to Beijing. The increase of political transparency is a further manifestation of democracy.

**KYODO Prepares Meetings**  
OW231205 Tokyo KYODO in English 1150 GMT  
23 Mar 88

[Text] Beijing, March 23 (KYODO)—China kicks off a major political debate Thursday [24 March] with the opening of the first of two key policy-clearance meetings designed to endorse Party policy goals over the next five years.

The first session—under the auspices of the Chinese People's Political Consultative Conference (CPPCC)—goes into session Thursday afternoon at the Great Hall of the People.

This is to be followed a day after by the National People's Congress, where the government plans to outline China's policy objectives and formalize state appointments, including the confirmation of Li Peng as premier. Li has occupied the post in an acting position since last November when he replaced Zhao Ziyang, who was made Party general secretary the previous month.

These two meetings come amid a growing debate within the Party's top leadership on the pace and direction of China's open-door policy. The debate pits the reformist camp headed by Zhao against Li Peng and other more conservative elements of the Party hierarchy.

In a speech delivered to the Party's ruling Central Committee last week, Zhao called for all-out efforts to open up China's coastal areas by giving increasing incentives to foreign businesses to trade and invest in China.

Li, however, favors greater caution, an approach that Chinese sources said will be reflected in a policy speech he will deliver to the NPC at its opening session Friday.

The NPC is the Chinese equivalent of a legislature, and the CPPCC is a political front the ruling Communist Party set up to collar support from non-Communist fellow travelers in the nation. These two bodies, elected every five years, usually hold their conventions in tandem.

In a meeting with the foreign and local press at the Great Hall of the People Thursday, CPPCC spokesman Sun Yiqing said the CPPCC session will run "for about 18 days."

There is no word yet on the duration of the NPC session but Chinese sources said they expect it to run a while longer for about three weeks. The Sixth NPC session held in June 1983 lasted 16 days.

The extended NPC session apparently reflected a decision by the reform-minded Chinese leadership to inject more debate into the NPC proceedings instead of making them a pure rubber-stamp for Party policy.

The opportunity for the 2,970 NPC delegates to air divergent views on the Party line has been a major focus of the official press in the run-up to the twin meetings over the past week.

The PEOPLE'S DAILY, the official newspaper of the Chinese Communist Party, reported on Tuesday that Bo Yibo, vice chairman of the Party Central Advisory Commission, had urged the Party leadership to allow dissenters to raise policy issues which may conflict with the Party line.

"The Chinese leadership apparently want the public to forget the myth that China is united as one," one Western diplomat said.

He said that by lifting the lid on dissent, the Party leadership may enhance a sense of greater unity among the people.

As part of China's new openness, authorities here are arranging news conferences with the top Chinese leadership, including Li Peng and other high-ranking NPC officials.

Apart from setting out policy goals, the NPC is also expected to endorse government plans to streamline the bureaucracy through mergers of state agencies within the State Council, China's cabinet.

The shuffle, however, will be considerably smaller in scale than earlier anticipated, Chinese sources said.

According to sources close to the NPC, Vice Premier Yao Yilin will follow up Li Peng's opening day keynote address with a report on the state of China's economy. Yao's report is expected to be delivered on Saturday, the second day of the session.

Also on Saturday, the congress will hear from Finance Minister Wang Bingqian on the government's budget, which is expected to total 8 billion yuan for fiscal 1988. The amount is roughly the same as the deficit the government chalked up for the past year.

The NPC is also expected to approve a law that would allow inefficient state-run companies to go bankrupt, in a move that one Western diplomat described as a key step toward a Chinese market economy.

Announcements on major state appointments are set to be made toward the end of the congress, Chinese sources added.

**Qiao Shi Recommended Outspoken Noncommunist**  
*OW231110 Beijing XINHUA Domestic Service  
in Chinese 0653 GMT 18 Mar 88*

[Newsletter by XINHUA reporter Zhou Changxin: "I'm Only the First One" — An Interview With Feng Tiyun, Vice Chairman of the Central Committee of the China Democratic National Construction Association and Vice Minister of Supervision"]

[Excerpts] Beijing, 18 Mar (XINHUA) — Feng Tiyun Appointed Vice Minister of Supervision

The above plain headline about the appointment of an official relays an unusual message: This is the first time a non-Communist Party member has been appointed as

vice minister under the State Council. Less than 2 weeks after he assumed the post, he received this reporter at his office. At shortly after 0900, he had already reviewed seven reports.

"It is my motto to finish today's work today," he said. Just as I expected, he is as vigorous and efficient as he was doing his job at the Democratic National Construction Association. [passage omitted]

Feng Tiyun said: Multiparty cooperation under the leadership of the Communist Party is a special characteristic and strong point of China's political system. In the early years of the PRC, a large number of noncommunists assumed leading posts in the Central People's Government, the Administrative Council, and local people's governments at different levels, bringing into full play their role in participating in and discussing state affairs. After 1957, due to the "leftist" ideological influence, fewer and fewer noncommunists were appointed to the government leading posts. Following the 3d Plenary Session of the 11th CPC Central Committee, the principles of "long-term coexistence and mutual supervision" and "treating each other with all sincerity and sharing weal and woe" became the common aspirations of the Communist Party and all democratic parties. The 13th CPC National Congress again explicitly called for improving the multiparty cooperation led by the Communist Party and bringing into greater play the important role of the democratic parties and patriots without party affiliation in China's political life. At this point, he rose and raised his voice: "I'm only the first one after the 'Cultural Revolution.' I am convinced that there will be a large number of people being appointed to the government leading posts from now on." [passage omitted]

When preparations were still under way for the establishment of the Ministry of Supervision, Comrade Qiao Shi recommended that an outspoken noncommunist with good principles be appointed to the post of vice minister. It is said that the outspoken Feng Tiyun often stated his views frankly at meetings of the CPPCC National Committee and the democratic parties. [passage omitted]

In all seriousness, he said: "I am aware of my heavy responsibility as a noncommunist joining the leadership of the state supervision organ. I will, as usual, exert my utmost and say and do things, as I deem necessary, with my conscience."

**Li Peng Addresses Party Work Meeting**  
OW230613 Beijing XINHUA Domestic Service  
in Chinese 1405 GMT 22 Mar 88

[Text] Beijing, 22 Mar (XINHUA)—Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and acting premier of the State Council, said at a conference on party work in central state organs on 18 March: In the new situation, party work in state

organs can only be strengthened and must not be weakened in the slightest degree. Party organizations at various levels in central state organs must do their work according to the guidelines of the 13th party congress and the basic principles guiding government work for some time to come. They should stand in the forefront of reform and construction; be bold in carrying out the policies of reform and opening to the outside world; faithfully implement the party's line, principles, and policies; enforce strict discipline and be impartial and honest in performing their duties; and forge close ties with the masses and serve the people wholeheartedly.

This work conference, convened by the Party Work Committee of Central State Organs, opened on 16 March and ended on 19 March. Responsible persons of the party committees of various central state departments attended the conference. The conference mainly studied and discussed how to further implement the CPC Central Committee's 13 February circular on strengthening and improving party work in central party and government organs.

On the afternoon of 18 March, Comrades Li Peng, Qiao Shi, Hu Qili, Yao Yilin, Wan Li, and Tian Jiyun met with all the comrades attending the conference in Zhongnanhai and had a group picture taken with them.

Li Peng pointed out in his speech: The party Central Committee decided to change the party committees of departments directly under the CPC Central Committee and the party committees of central state organs to party work committees serving as its representatives in central party and government departments, with a view to doing party work more effectively by defining responsibilities, rationalizing relations, reducing links, and raising efficiency. After separating the functions of the party from those of the government, the leading party groups of various ministries and commissions under the State Council will be abolished step by step. Then much party work will be done by the party committees of various state organs. There will be more party work to do in state organs, and this work will become even more important.

Li Peng said: In undertaking comprehensive reform and the modernization drive, it is all the more necessary for our party to strengthen itself, so that our party will be better able to take on the historic responsibility of leading the effort of building socialism with Chinese characteristics. Party members account for a large proportion of the personnel of central state organs, in which most leading positions are filled by party members. Therefore, the quality of party members, especially the conduct of leading cadres who are party members, has a bearing on the prestige and image of the party and the government among the people, on whether or not the party's principles and policies can be smoothly implemented, on whether or not an honest, highly efficient government can be built, and on the progress of reform and construction. For this reason, party building in state organs is not only an important part of party building as

a whole, but also a major matter concerning whether or not our state organs can become an effective state apparatus exercising powers on behalf of the people.

Li Peng held: The mainstream of party members in central state organs is good, but many problems still exist. Party work still does not completely meet the requirements of the new situation in reform and opening to the outside world.

Li Peng held: Our country is in a period in which we are accelerating and deepening reforms, steadily developing our economy, replacing old systems with new ones, and changing our ideas accordingly. Exercising state power and carrying out reforms and opening to the outside world are a dual test as well as major tasks for our party organizations at all levels and each of our party members. He pointed out: We should learn to strengthen party building as we are carrying out reforms, opening to the outside world, developing a planned socialist commodity economy, and separating the functions of the party from those of the government.

Li Peng said: Reform should be carried out in party-building as in other fields of work. This calls for us to continuously study new problems, sum up fresh experiences, and seek new ways to guide ideology, thinking, the form of organization, work methods, and methods of activity. He said: As an orientation for reform, state organs should institute a system of public service. Enterprises and institutions should be gradually separated from state organs. Thus, enterprises will be separated from the government. The party committees of state organs should gradually put the stress of their work on their own state organs and devote their main energies to party building in such organs.

Li Peng pointed out: Strengthening the building of spiritual civilization is an important guarantee for the smooth carrying out of construction and reform. To build a spiritual civilization, party organizations and administrative leaders at all levels should make unremitting efforts in this regard. Only by conducting appealing and uniting ideological and political education will they be able to achieve the desired results. He said: Our party has always paid close attention to ideological and political education and fostered a fine tradition in this regard over the past several decades. We must not abandon this fine tradition—one of our favorable conditions—but suit it to the new situation and carry it forward. There is currently a one-sided understanding that ideological and political work and party work seemingly no longer remain important as the functions of the party are being separated from those of the government. In truth, in separating the functions of the party from those of the government, our purpose is precisely to strengthen party leadership, to make it possible for party organizations to play their guaranteeing and supervisory role more effectively, and, of course, not to overlook, belittle, or even abandon ideological and political education.

Li Peng called on comrades engaged in party and political work in state organs to strengthen their spirits, have a clear understanding of their duties, keep forging ahead in a pioneering spirit, and strive to do their work well. He said: For years, party organizations at all levels in central state organs have played a very important role in fulfilling the various tasks of these state organs. Now the central state organs have a contingent of better quality cadres engaged in party and political work. Like large numbers of professional and administrative cadres, these party and political cadres have done a lot of work, and their achievements should be fully affirmed. We should concern ourselves with and support their work, help them solve some practical problems, and create conditions for them to vigorously do their work.

Li Peng pointed out: The State Council is on the eve of structural reform. In the structural reform, the leaders of various ministries and commissions should pay close attention to the establishment and staffing of party committees in state organs. Work organizations should be efficient and small in size, and their cadres should be competent.

In his speech, Li Peng stressed: The administrative leaders of various departments must vigorously support party work in state organs and regard it as an important part of the work of their own departments. They should concern themselves with such party work and give all the support and assistance to it that they can. This is an important prerequisite for effectively performing party work in state organs. Administrative cadres who are party members should regard themselves as ordinary party members, place themselves within party organizations, and conscientiously accept party supervision. They should play an exemplary role in various aspects. When matters arise, comrades of state organ party committees should consult with administrative leaders to solve such matters. Li Peng expressed the belief that through our concerted efforts, we can certainly bring about a new situation in party work in state organs and make even bigger achievements in this regard.

#### **Henan Governor Criticizes Internal Battles** HK23132 Beijing RENMIN RIBAO in Chinese 22 Mar 88 p 4

[Report by XINHUA reporter Zhao Derun (6392 1795 3387) and RENMIN RIBAO reporter Wang Gengnan (3769 1649 0589): "Henan Governor Cheng Weigao Sternly Criticizes 'Internal Battles'"]

[Text] "Internal battles" are seriously holding up reforms and economic construction. Our cadres at all levels should work side by side in the reforms and economic construction rather than indulge in "internal battles." In order to build our leading bodies into powerful fighting forces it is necessary to stop unprincipled and endless internal disputes, said Cheng Weigao, deputy secretary of the Henan Provincial CPC Committee

and vice governor, who acutely criticized some cadres for serious internal contention among themselves, during a provincial propaganda conference which closed recently.

Soon after he assumed office in Henan last year, Cheng Weigao found that members of many leading bodies in the province were not united and did not get along well with each other. In many cases they were not arguing about issues relating to work but fighting over cadre selection and contending for power. As a result they wasted much of their energy in dealing with such contradictions and conflicts. Certain leading cadres equipped with mediocre political and professional qualities are incompetent in their work but are very "capable" of fighting for power, using nepotism, excluding those with ability and political integrity, and creating factions. A leading body will immediately be disturbed and will seriously suffer from internal battles if one or two of its members indulge in such activities.

In analyzing the external causes for this phenomenon Cheng Weigao said: The view that economic construction is the key link has still not yet struck root in the hearts of the people; the atmosphere and public opinion favorable to the reform are not strong enough; and a social environment favorable to reform and construction still has not completely been formed. In some places, when appraising a local government, department, unit, or a leading cadre, people only take their personal feelings and interests as the sole criterion and do not care whether this government, department, unit, or leading cadre can play a positive role in developing productive forces and lead the masses in expediting the reform, opening up, and economic invigoration. Why are correct reforms not supported in some places and why are reformers there attacked as soon as the reform encounters some minor setbacks? Why are there criticisms and rumors against good deeds? The reason is that people there do not have a great enthusiasm for, and a strong faith in, the reform. As the reform has not enjoyed full support, some people have had the opportunity to publicize their old ideas and outmoded concepts, to shape public opinion in favor of them, and to air their discontent.

In his speech Cheng Weigao sternly criticized those who "specialize in criticizing others." He said: There are many informers in Henan. Why do these people inform against others? There are two reasons. On the one hand, it is true that cases concerning some people can hardly be resolved if not submitted to the higher levels. On the other, it is also true that some people have informed against others with the aim of stirring things up and sowing discord just because their vested interests have been infringed upon, or their selfish desires have not been satisfied. It is necessary to mobilize the press to denounce these people who have done nothing but devote all their time to slandering and framing others, and legal and disciplinary action must be taken against them, Cheng Weigao said.

Cheng believes that the key to eliminating internal battles and invigorating the economy lies in enhancing the quality of cadres and properly solving the cadre selection and appointment problem. He urged party and government departments at all levels in the province to select and appoint cadres based on the "four requirements" for cadres and on the candidates' past performance, and to combine assessment of cadres by party organizations with supervision by the masses.

Cheng Weigao's speech produced wide repercussions among cadres who participated in the meeting. At certain moments the conference hall was silent. At other times there was deafening applause.

**Commentary Views Risks, Socialism in Reform**  
HK221411 Beijing *RENMIN RIBAO* in Chinese  
21 Mar 88 p 1

[“Weekly Commentary” by Shen Yingxuan (3088 6601 6693): “Risks and Socialism”]

[Text] With the development of reform in various fields, the word “risk” has been mentioned by people on more and more occasions.

—In the countryside, reform aimed at implementing the system of contracted responsibility on a household basis with payment linked to output has not only made it hard for a lazy bones like Tian Fu in the novel “Our Niu Bai Sui [3662 4102 2979]” to make a living, but has also made diligent people, whatever business they are engaged in, feel more or less pressured by risks which are closely bound up with their personal interests.

—In the cities, reform has begun to link the workers' income with enterprise returns. An enterprise with poor management will receive a yellow-card warning, and prolonged losses will make it go bankrupt. In other words, the entrepreneurs and workers in socialist enterprises will also run the risk of “losing their rice bowls.”

—Once the competition mechanism has been introduced into the cadre system, incompetent cadres who have suffered repeated defeats in “battles” will find it more and more difficult to stay in their posts. When the system of lifetime tenure of office, an “iron chair” for cadres, is removed, there will also be risks for the cadres.

—There are also risks for students who want to enter universities. Some schools have adopted the method whereby students who fail to go up to the next grade pay an additional training fee. Some years in the future university graduates will have to seek employment all by themselves. The state will no longer assign them jobs.

Risks have fallen on more and more people. Is it a good or a bad thing? People are feeling puzzled and hesitant but are becoming aware and meeting the challenge of risks.

A concept has long since been formed which holds that under socialism, "every one has something to do and something to eat." As a result, even those things that could be done by one person were done by five. Nobody cared about the low efficiency. Besides, under socialism, no one would starve. It seemed that the superiority of socialism was expressed by being without risk. As a matter of fact this concept, including the old structure which gave birth to it, is exactly where lies the crux of the problems, such as indolent people lacking creativity and a sense of competition, and the stagnation of social development.

Why cannot monkeys become men? To a great extent it is because that they have not gone through the risks resulting from the cruel changes in the natural environment that the anthropoid apes encountered when evolving into men, and have not evolved under pressure. Every new branch of an evolving tree can mature only when it has gone through hardships and adapted itself to circumstances. In fact, to a certain extent there exists a similar law governing the development of human society. For a long time past we dared not recognize it, but it is a fact. An internal mechanism, in which there are pressures, a sense of crisis, and risks, is entirely necessary for social progress. In any society, if people can satisfy their basic needs without efforts that society will certainly lack vitality and vigor and will not be able to develop quickly.

We have been practicing socialism for more than 30 years and our achievements are known to all. However we cannot deny that the speed of our development is still too slow. In this regard there are reasons in social turbulences created by men, but there are also reasons in lacking the mechanism to encourage people to make advances and work with all their might.

Risk is something that should be included in human society, naturally including socialist society. It is an external pressure to ensure that everyone can contribute his bit and an internal force for socialism to advance.

In the wake of the development of reforms, risks are becoming more and more concrete for every person. All those wrong concepts we have added to socialism should be discarded, and the conservative mental attitude of detesting and fearing risks and not daring to face challenges should be changed.

**New Satellite Placed in Permanent Orbit**  
*OW231339 Beijing XINHUA Domestic Service  
in Chinese 0911 GMT 23 Mar 88*

[Text] Beijing, 23 Mar (XINHUA)—The telecommunications satellite for practical use launched by China on 7 March was placed accurately in its permanent orbit above the equator at 87.5 degree east longitude at 1302 on 22 March. All the instruments on the satellite are functioning normally. Right now, the satellite telecommunications practical command is organizing all the

related satellite ground stations in China to carry out orbital tests, signal transmissions, operational tests, and other acceptance tests. The satellite will soon go into operation officially.

**LIAOWANG on Changes in Defense Industry**  
*HK221354 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 11, 14 Mar 88 pp 7-8*

[Article by Chen Zhiqiang (7115 2535 1730): "Reform Has Wrought Major Changes in China's Defense Industry"]

[Text] Reform has enabled the defense industry to take the road of integrating military and civilian use and to play a tremendous role in national economic construction. Over the past 9 years, the defense industry enterprises have rapidly developed and undergone enormous changes.

Following the readjustment and reform of the national economy following the 3d Plenary Session of the 11th CPC Central Committee, orders for military goods dropped drastically. More than half of the enterprises in some defense industry departments either stopped production or operated at half capacity. Large quantities of military goods were kept in stock and capital circulation was very difficult. Under such circumstances, the central authorities called on the defense industry: While fulfilling the task of producing military goods qualitatively and quantitatively, they should strive to produce more civilian goods, particularly durable consumer goods needed on the market, have excellent quality, and can be sold at low prices.

In this period, many defense industry enterprises that did not have production tasks sent cadres and technicians to conduct market investigations with the aim of producing civilian goods. They turned out numerous products, from tower-type cranes for construction purposes to pencil erasers, and even bamboo baskets. They did not serialize their products and lacked long-term production planning. In spite of this, the defense industry enterprises took a first step toward the production of civilian goods.

With the in-depth development of the state economic restructuring, the Ministry of Finance began to institute a fixed profit system toward all military industry departments. Because the task of producing military goods for the country constantly dropped in the 1980-1982 period, the defense industry enterprises, which chiefly manufactured military goods in the past, faced the prospects of operating at a loss. Deng Xiaoping explicitly pointed out: In addition to fulfilling the tasks of conducting scientific research for and producing weaponry as assigned by the State Council and the Central Military Commission, all defense industry departments should go all out to engage in scientific research for, and the production of, civilian goods. Thereupon, some defense industry departments built or set up hundreds of civilian goods production

lines, which enabled them to shift from the small, serial, and trial production to the mass production of durable consumer goods urgently needed for the people's livelihood. Meanwhile, some other defense industry enterprises also started turning out products urgently needed in production and economic construction. They adhered to the principle of simultaneously producing the means of subsistence and the means of production, and they made great efforts to serve the domestic market and the key state industries, such as energy, transport, and building materials, and to serve technological transformation and expanded exports. During this period, due to the lack of experience and an ample understanding of some questions of the nature of an objective law, such as the market demand for civilian goods, construction scale, investment orientation, and the building of production lines, the defense industry overexpanded the production of machinery and electrical products for everyday use, with the result that they failed to attain remarkable economic results. In some fields there were even such phenomena as "contending for food with civilian industries."

Moreover, due to the fetters of outdated structures, such as "barriers between departments and regions and protection of trades," some defense industry enterprises were unable to squeeze their way into certain trades and regional markets, although they turned out high-quality civilian goods. These phenomena posed a new problem to the defense industry enterprises: What road should the defense industry take in reforming the urban economic structure?

The central authorities pointed out: There are three major orientations for defense industry enterprises engaging in civilian products: 1) To serve key state construction projects; 2) to serve the technological transformation of the national economy; and 3) to serve the people's livelihood and the light industrial market. The defense industry must proceed from its own special features and gradually shift its main energy from producing ordinary consumer goods to the development of new products and fields. It should try as far as possible to develop technology-intensive products. In the Sixth 5-Year Plan, in line with the spirit of the central instructions, the defense science and technology industry readjusted the product mix and vigorously carried out the unique work of peacefully utilizing nuclear technology, making preparations for the construction of nuclear power stations, and developing new types of civilian cars, aircraft, and satellites. The production of civilian goods moved toward the mass, fixed production of technology-intensive, high-grade, precision, and advanced products. As a result, numerous new forms for the development of civilian goods, such as technological and economic entities, engineering contracts, and international cooperation and development, came into being. By 1985, over 170 kinds of civilian goods produced by China's defense industry departments were listed in state planning and over 400 major civilian goods production lines had been built. The proportion of the output value

of civilian goods in the total output value of the four defense industry ministries rose from 10 percent in 1979 to 40 percent in 1985. Of this, the output value of the Ministry of Ordnance rose more than 400 percent in 1985 over 1980. This represents an average annual growth rate of 31 percent. There was a trend of "simultaneous development" in output value, sales income, taxes, and profits. Some 30,000 technological items, such as electronics for military use, lasers, infrared rays, remote surveys, remote controls, and remote sensors, have been extensively popularized in various departments, such as agriculture, textile and other light industries, building materials, petroleum, medical treatment, coal, geology, and marine. The Ministry of Aeronautics Industry has shifted satellite temperature control technology to civilian use, developing it into a hot pipe heat-exchange instrument which is extensively used in metallurgical, textile, and other industrial fields. It can save a lot of energy. By using this instrument the Anshan Iron and Steel Work has raised the utility rate of its steel-smelting furnaces and enabled the seatless furnaces to save 700,000 yuan in fuel costs a year (3 times the price of the hot pipe equipment). By using a kind of pulse sieve plates the Ministry of Nuclear Industry has been able to raise the erythromycin extraction rate to 99 percent, thus reaching a leading level in the world.

Moreover, the production of civilian goods by the defense industry has gradually embarked on the road of lateral economic association and cooperated production. The defense industry enterprises have broken the bounds of different trades, professions, and ownership systems and set up scores of economic associations for motorcycles, refrigerators, electric fans, heavy-duty cars, light-duty cars, minicars, and cameras. They have developed numerous forms of association between first- and third-line enterprises, between enterprises and scientific research units and institutions of higher learning, and between cities and townships and towns. This has greatly accelerated the product development tempo. By creating such experience as "ministry-city cooperation," "ministry-ministry cooperation," and "ministry-province cooperation," the Ministry of Ordnance has provided experience for the joint development of the nation's defense industry departments and enterprises, civilian departments, and local governments and enterprises.

During this period, good momentum has also been achieved in the export of civilian goods. According to preliminary statistics, the volume of the export of civilian goods by the various defense industry ministries exceeded \$100 million in 1987.

However, most of the production of civilian goods by the defense industry has not been listed in state planning. As some people put it, "Its planning is not listed, the affiliation of its trades is not officially included, the supply of raw materials does not have a fixed source, there is no way to find sources for its investment, and there are no outlets or circulation channels to sell its products." According to statistics compiled by an

authoritative department, one-third of the enterprises in the defense industry still do not have key civilian products at this stage. The number of defense industry enterprises that do not engage in civilian production or have to develop second or third key civilian products accounts for 47.9 percent of the total. The strong points and potentials of the defense industry departments have not been fully tapped.

In 1986, with regard to the reform of the military industry structure, the service orientation of the defense industry, the establishment of enterprises integrating military and civilian production and lateral economic links, and other aspects Comrade Zhao Ziyang systematically expounded a strategic idea that the defense industry should serve the national economic construction as a whole. He pointed out: "Enterprises integrating military and civilian production" and "defense industry enterprises engaging in civilian production" are two totally different concepts. The production of civilian goods by defense industry enterprises does not involve the questions of structure and enterprise character. Enterprises integrating military and civilian production, however, are enterprises engaging in the production of both military and civilian goods and are enterprises having the character of military and civilian use. As long as no major wars break out, this kind of enterprise will have this character.

On 1 July 1986, the State Council and the Central Military Commission decided to change the previous defense industry structure of the Ministries of Ordnance, Aeronautics, Astronautics, and Nuclear Industries, which exclusively served defense building. The plans, production, large- and medium-size projects, and tasks of exporting civilian goods by enterprises under the ministries were to be assigned and implemented after being checked, coordinated, and comprehensively balanced by the State Planning Commission and the State Economic Commission in conjunction with the relevant departments. The central authorities called on the State Council departments in charge of comprehensive management, as well as the relevant ministries, trades, professions, and localities, to make arrangements for their production tasks, investments, goods and materials, prices, credits, imports, and exports as they do for the other industrial departments and to bring into full play their strong points and potentials in technology. Later, the State Council decided to abolish the Ministries of Ordnance and Machine-Building Industries and to set up the State Machine-Building Industry Commission so that the work of integrating military and civilian production could make a qualitative leap.

Structural reform has solved problems that had not been solved for many years. The State Machine-Building Industry Commission has broken the barriers between military and civilian production and distributed, according to the principle of similar product mix and techniques, enterprises previously under the Ministry of Ordnance to seven civilian-use machinery bureaus. After

making overall arrangements, the various civilian-use machinery bureaus have made arrangements for the production of civilian products for about 100 defense industry enterprises, thus initially succeeding in solving the question of integrating military and civilian production.

To do a good job of integrating military and civilian production, the state has decided to allocate special funds for the defense industry departments to engage in scientific and technological projects for the development of civilian goods. At present, the 93 scientific and technological projects for the development of civilian goods, which have been assigned to various departments, involves 10 fields, including new types of textile machinery, medical apparatus and instruments, pharmaceutical manufacturing equipment, light industry, and food machinery manufacturing technology. The successful development of these high-grade, precision, and sophisticated civilian products will not only meet the needs of renovating technological equipment for civilian products and substitute imported products but also create conditions for the export of these products.

Meanwhile, after conducting investigations and demonstrations for a long time, the relevant State Council departments in charge of comprehensive management have worked out plans for the technological transformation of enterprises integrating military and civilian production. Construction of the first group of key technological transformation projects started in 1986. At present, arrangements are being made for the second group of key technological transformation projects.

Structural reform has brought profound changes to the defense industry both in terms of work and ideology. First, it has enhanced the concept of competition. The previous dependent mentality of waiting for, relying on, and demanding state support and "being on the government pay roll," and the style of being the first in everything have changed, and the concepts of operations and market and of serving customers have been initially fostered. Second, viewed from the departmental functions and the product mix, the defense industry departments are no longer unitary defense industry departments and their product mix has also changed from the exclusively military product mix of the past to a pattern of both military and civilian production and of integrating military and civilian production. Their service orientation has also changed from principal service to the modernization of national defense in the past to national economic construction as a whole. Third, viewed from the operational modes and management methods, the previous practice of catering to the needs of the Armed Forces and exclusively fulfilling the mandatory plans assigned by the defense industry has changed to one of catering to the needs of the domestic and international markets. Fourth, viewed from the internal and external relationship, the defense industry enterprises have gradually broken barriers between departments, trades, and regions and strengthened lateral association.

Following the development of the past 9 years, China's defense industry has laid a certain foundation for a bigger take-off in the future in both guiding ideology and material basis. It will play an increasingly important role in the vast field of the four modernizations program.

**Commentator Stresses Army Rules, Regulations**  
HK230942 Beijing JIEFANGJUN BAO in Chinese  
11 Mar 88 p 1

[Commentator's article: "Enhance the Concept of Acting in Accordance With Rules and Regulations"]

[Text] Leaders of the Central Military Commission and the PLA Headquarters have stressed time and again over the past few years that it is necessary to enforce strict discipline in the Army. All Army units have done a great deal of work and achieved positive results in this respect. However, the question of loose management, workstyle, and discipline existing in some units remains a weak link which must be remedied in the course of building these units.

Without rules and regulations it is almost impossible to maintain discipline. This is especially true with Army discipline. As a summary of the experience in building our Army over the past few decades, Army rules and regulations are the fundamental criteria and basis for our military operations. Only when the rules and regulations are applied in unifying the tasks of the Army units and the words and deeds of the soldiers will it be possible for the Army to achieve unity at a high level and have high combat effectiveness. Today, it is especially important to enhance the concept of acting in accordance with rules and regulations. This is not only because peacetime may easily give rise to lax thinking as well as the ideas of seeking ease and comfort and the reluctance to lead a hard, tense, and strict military life, but also because the situation of reform and opening up and the changes in military personnel may bring many new conditions and problems to the management of military affairs. Without deep-going ideological education and rigorous training, and without enhancing the concept of acting in accordance with rules and regulations, it will be very difficult to attain the goal of enforcing strict discipline in the Army.

Some comrades hold that as there is no war at present it does not matter if thinking is relaxed a bit and that there is no need to lead a tense life. This idea is incorrect. Our Army is an armed group shouldering the heavy task of defending the motherland's territories and world peace. It needs to maintain high combat effectiveness. A relatively stable and peaceful environment has created an opportune moment for building our Army, but there is no change in the Army's fundamental function. There is no large-scale war at present. However, to ensure that the Chinese people may devote themselves to construction and to safeguard the peaceful life of the people of the world, our Army must make intensive efforts to build itself into a modern and regular armed force. If the Army

behaves in a lax and undisciplined way, not only is it incapable of winning a local war, but it will also find it difficult to carry out rescue and relief work and other major emergency tasks during peacetime.

Some comrades may ask: Is scientific management still needed when emphasis is laid on strict management? Of course it is needed. The two are harmonious with each other. In managing military affairs it is necessary to take a scientific approach and improve work methods. Scientific management is exactly based on strict demands. Management divorced from strictness cannot be scientific. Scientific management means acting in accordance with objective laws. The rules and regulations are a condensation of our Army's rich experience in managing military affairs during war and peace. They also include some theories and methods of modern management, reflect the objective laws of military affairs, and are highly scientific in nature. Managing military affairs in accordance with rules and regulations means respecting scientific and objective laws. We should neither set rules and regulations against scientific and objective laws, nor separate them from each other.

Some cadres worry that "strict management may sharpen contradictions and cause mishaps." They have mistaken the meaning of strict management. The Army's rules and regulations are an intensive expression of the interests of the state and the people, and also represent the interests of the officers and men. Strict management in accordance with rules and regulations is entirely compatible with the wishes and interests of the vast majority of officers and men. Of course when applied as law, the rules and regulations have to be mandatory to a certain extent, and a few people cannot get used to them or may find them inconvenient. However, after being educated by positive and negative examples in practice, these people will eventually come to understand that "strictness means love, while relaxation means harm." They will heartily welcome strict management and oppose the attitude of letting things drift. Practice shows that many accidents happen not because of strict management but because of loose management. Only by constantly and penetratingly carrying out ideological and political work, seriously and strictly enforcing the rules and regulations, and sparing no efforts in doing so, will it be possible to effectively prevent the occurrence of accidents of all sorts.

The key to enhancing the concept of acting in accordance with rules and regulations lies in making the cadres enhance their sense of responsibility. As seen from the conditions in armed forces units, some phenomena of lax discipline have really been caused by some cadres' lack of administrative experience due to the shortness of their service in their posts. However, most of them have been caused by the fact that some cadres "are reluctant to interfere" and "dare not interfere." This state of mind must be changed. As far as a cadre is concerned, since the party and state have placed him in his post he should act

as a leader of the soldiers and take up heavy responsibility. He must take up the responsibility no matter what personal problems he may have. Leaders at various levels should help cadres enhance their sense of responsibility and, besides giving them ideological education, encourage fine deeds, wipe out malpractices, and they must be strict and fair in meting out awards and punishments. They should award the cadres who have boldly exercised supervision and scored notable results. When a cadre is criticized for strictly exercising supervision his leader must step forward to speak in his defense and protect his enthusiasm. When a cadre fails to perform his duties and makes no progress after receiving criticism and education, he must be severely punished. In no way should discussion and handling of his case be delayed until serious harm has been done to the building of the Army units.

In enhancing the concept of acting in accordance with rules and regulations it is necessary to combine strict demands with persuasion and education, so that strict demands are popularized with the proper method. Efforts should be made to realistically prevent and resolutely rectify the phenomena of rude treatment, physical punishment, and acting in a way different from the rules and regulations. Strict supervision and ideological education supplement each other, and neither is dispensable. In enforcing rules and regulations it is certainly necessary to work out concrete measures by proceeding from the unit's actual conditions. However, in working out the concrete measures it is not permissible to go beyond the limits specified by the rules and regulations. "Indigenous rules and regulations" divorced from reality go against the accepted code of human conduct. They often produce a state whereby things go contrary to the demands set by the rules and regulations, lax discipline remains, and the inviolability and authoritativeness of the rules and regulations are impaired. This point deserves close attention.

**Air Force Commander Discusses Steps To Modernize**  
*OW221310 Beijing XINHUA in English 1227 GMT*  
*21 Mar 88*

[Text] Beijing, March 21 (XINHUA)—China is striving to streamline its Air Force and ensure it has high mobility and advanced equipment.

In an interview with XINHUA, Wang Hai, commander of the Air Force of the People's Liberation Army (PLA), said great efforts have been made in six aspects in a bid to attain this object:

— giving officers more advanced training. All senior officers of air units, from headquarters to regimental levels, are able to pilot fighters under various weather conditions. In ground-to-air missile units, 80 percent of the officers at brigade, regimental and battalion level are college graduates. All the officers in the airborne force have been given parachute training.

— increasing flying hours and intensifying training.

— developing modern training approaches and facilities. Nearly 1,000 flight simulators in a dozen varieties, including ones with laser and electronic facilities, are in use.

— introducing a pilot grading system. Since 1985 grading and flying subsidies systems have been put into practise in air units. Now, 33 percent of all pilots have attained first-class rank.

— emphasizing safe flying. The rate of accidents has dropped close to that of countries with advanced air forces.

— promoting flying techniques and tactics. The number of "all-weather" pilots has increased tenfold compared with 1976. Bombing and shooting records have all been broken since then.

However, the commander said, much work has yet to be done and a five-year plan is being worked out for this purpose, he disclosed.

**PLA Air Force Commander on Pilot Education**  
*OW230443 Beijing XINHUA in English 1201 GMT*  
*22 Mar 88*

[Text] Beijing, March 22 (XINHUA)—All of the pilot's in China's Air Force now have a college education thanks to reforms which went into effect in 1979, said Wang Hai, the country's Air Force commander.

"Since 1979, the Air Force has been recruiting pilots from the ranks of high school graduates," Wang said, explaining recruits first study in aviation preparatory schools before entering 1 of 20 Air Force-run academies where after graduation they are assigned to combat units as pilots.

The academies have also recruited cadets from among graduates of other colleges and universities since 1983, he said, adding the Air Force now boasts a large number of pilots with master's degrees.

"We've also opened 100 university-level centers to train those veteran pilots who haven't finished college," Wang said.

According to Wang, English and other foreign languages are compulsory courses at the academies where cadets study 20 other courses, including advanced mathematics, theoretical mechanics, tactical sciences, and operational research.

**Importance of Tightening Credit Viewed**  
HK230609 Beijing RENMIN RIBAO in Chinese  
14 Mar 88 p 5

[Article by Li Shourong: "A Brief Discussion on Credit Restriction"]

[Text] Tightening credit, exercising control over currency supply, and readjusting the loan grant structure constitute an important measure to stabilize prices, maintain steady economic development, and realize a benign cycle of the national economy.

We know that price increases arising from the imbalance of general supply and general demand in the national economy are a typical topic in current economic life. If we fail to promptly adopt effective measures to check the growth in social general demand, it will inevitably give rise to further price increases and make the deepening of economic structural reform and the maintenance of steady economic development more difficult. In the work of bank credit, the amounts of cash and currency from transfer accounts put into circulation every year constitute the amount of currency supplied in that year. They take shape in the course of the use of bank capital. For this reason, control over currency supply is tantamount to control over the use of bank capital. As bank loans constitute around 95 percent of the use of bank capital, fundamentally speaking, control over currency supply is tantamount to control over the loans granted by the banks. Therefore, the state has adopted the policy of tightening credit this year to strengthen macrocontrol, stabilize prices, and steadily develop the economy. This is absolutely necessary.

To achieve the desired results of the policy of tightening credit, economic methods and indirect tightening means should be applied. Specifically speaking, we hold that readjusting the amount of credit granted by the central bank to special banks and readjusting the rate of deposit reserves handed in by the special banks (including other financial organizations) to the central bank constitute an effective method to tighten credit.

As China's economic operation mechanism is still imperfect and many enterprises lack self-development ability, a number of enterprises assume responsibility only for profits but not for losses. Once they suffer losses, they try to apply for loans from the banks. In addition to the circulating capital they get from the banks, some enterprises even pay the wages and taxes with loans. Under such circumstances, it will be difficult to control credit and restrain enterprises by increasing the interest rates of bank loans in an all-around way. Conversely, the high interest rates will increase costs as enterprises will include the interest in production costs which will inevitably affect the overall balance of financial credit. For this reason, the indirect means of exercising control over the loans granted by the central bank and readjusting the rate of deposit reserves are the best way to tighten credit at present.

By applying the indirect readjustment and control means to tighten credit, the central bank can promptly and flexibly readjust the credit amount in light of the requirements of maintaining a balance of social general supply and general demand and keep social credit under control so that it will not fluctuate drastically and will be advantageous to steady economic development. Moreover, it will also be advantageous in arousing the initiative of the special banks to enhance such indirect readjustment and control means and for the central bank not to undertake the responsibility of supplying capital to the credit receipts and payments arranged by the special banks. The special banks can meet the needs of capital turnover of enterprises by encouraging savings, issuing bonds, developing various forms of social capital accommodation, raising funds from society, and expanding sources of capital.

To ensure implementation of the policy of tightening credit, above all, it is necessary to correctly understand the relationship between tightening credit and economic growth. Some people worry that tighter credit will lead to shrinkage in production and affect economic growth. Actually, this would be impossible. Although tightening measures were adopted when credit went out of control from 1985 to 1987, a 2-digit growth figure was maintained in industrial production. This shows that provided our work is meticulously conducted and the methods are appropriate, the measures adopted to tighten credit will not lead to economic recession. Instead, it will be advantageous to the balanced, coordinated development of the economy.

Second, while exercising control over the total amount of loans granted, it is necessary to emphasize readjusting the credit structure. In recent years the amount of credit funds supplied by the banks has far exceeded economic growth. Of this, the circulating capital for producing every 100 yuan of output value in 1987 increased by 54 percent over 1984 and the capital for finished products in the fixed circulating capital increased by 87 percent. Nevertheless, enterprises still complained of a shortage of capital. This shows that the problem lies in the irrational capital structure rather than a shortage of capital. Therefore, the key to tightening credit lies in readjusting the structure, implementing the principle of dealing with cases on their merits and supporting the best, and making overall assessment of enterprises. Loans should be granted on a priority basis to those enterprises that manufacture marketable products, that have good credit, and that can turn out better economic results; credit will be tightened for the enterprises that are poorly managed, that manufacture unmarketable products, and that have bad credit and they will be urged to switch to the manufacture of other products; and loans will not be granted to those enterprises that manufacture duplicate, inferior quality products and they will be urged to undergo consolidation. Hence, the banks should establish and perfect a supervisory system over loans and a system of assessing enterprise credit. Facts have proved

that practical results will be achieved in readjusting the loan granting structure only by making an overall assessment of enterprise operation and management.

Third, tightening credit should be handled in an all-round way. The question of currency credit is the overall reflection of the situation of the national economy. In recent years many localities and departments have vied with one another to develop projects which resulted in an excessive scale of investment in fixed assets and an increase in consumption funds. This is the fundamental reason for the excessive scale of credit. Therefore, the governments, enterprises, and units at all levels should act in coordination and deal with the matter in an all-around way. It is necessary to apply economic, legal, and administrative means to readjust the relations of capital supply and demand, create a suitable social and economic environment, genuinely implement the policy of tightening credit, and attain the anticipated target.

**Inflation Now 'Burning Issue' for Population**  
HK230218 Hong Kong AFP in English 0203 GMT  
23 Mar 88

[By Pierre-Antoine Donnet]

[Text] Beijing, March 23 (AFP)—Inflation has become the burning issue in China, far more important for the man-in-the-street than political events such as the National People's Congress session opening here on Friday, observers said.

The 3,000 delegates attending the three-week session are likely to have the price surge high in their minds as they discuss the country's economic reforms, aware of the degree of dissatisfaction among the population over the trend.

Western diplomats here say this general discontent could be a time bomb for the Chinese Government unless it finds a way to defuse the situation.

"It isn't possible any more to manage with the money we earn," a female worker complained at a Beijing market. "At home, all we eat is cabbage and noodles. The prices are robbery, pure and simple."

"The prices are scandalous," she added, expressing her anger without inhibition. "We have never known this. The government promises that we will be richer with the reforms, but in reality we are just getting poor."

The sight of this woman gesticulating angrily as she shops in a free market has become almost commonplace in Beijing, where inflation has become the subject of interminable complaints by housewives at home and in the street.

It is no longer rare to see angry altercations in the Beijing markets between storekeepers and shoppers faced with a relatively new phenomenon in a country where wages are often calculated to cover the bare essentials.

This kind of emotion is not given to political subjects. The Chinese are usually indifferent to changes in party or state leadership, observers say. They rarely talk about politics in public or at the dinner table.

Inflation, on the other hand, has become a focal point for frustration that could eventually lead to serious social unrest. Western diplomats say.

The government got a sharp warning in late 1986 when thousands of workers and housewives in Shanghai joined students demonstrating for more democracy in an unexpected show of solidarity prompted mainly by the rise in prices.

Prices in China hardly changed at all for 30 years under Mao Zedong. But since the launch of economic reforms in 1978, inflation has spiralled.

The rise in consumer prices last year ranged between 7.2 and 7.6 percent, according to official figures. But Western experts say the real inflation rate is more than twice as high, with prices for some goods like fish and good-quality meat rising by more than 30 percent in annual terms.

The consumption boom that followed the decades of austerity under Mao has accentuated the impression of a higher cost of living, observers said.

A household that had learnt to live with the bare essentials during the 1966-1976 Cultural Revolution now finds it normal to buy a colour television set costing the equivalent of a year's wages, they said.

Even the official press has described the price surge as "intolerable" and admits the existence of a large dissatisfaction among the population.

According to the CHINA DAILY, the living standards of the country's 200 million urban residents stagnated last year and actually fell for 40 percent of them, for the first time since the reforms were launched 10 years ago.

The National People's Congress is not likely during its meeting to take any spectacular decisions to fight inflation, since such a move is the responsibility of the party leadership, analysts said.

But sooner or later, the authorities whose policy to cut state subsidies has been one reason for the price surge will have to find a miracle cure and balance the need to cut state expenditure with controlling inflation.

**State Official on Increased Private Enterprises**  
*OW231033 Beijing XINHUA Domestic Service  
in Chinese 0258 GMT 15 Mar 88*

[Excerpts] Beijing, 15 Mar (XINHUA)—Encouraged and guided by state policies, China's budding private enterprises are now in the ascendant.

According to information released by Ren Zhonglin, chief of the State Industrial and Commercial Administration, by the end of last year there were 115,000 private enterprises employing 1.847 million workers throughout the country, if registered individual businesses employing more than 8 workers were counted as private enterprises. Ren Zhonglin said: In fact, the number of private enterprises is greater than this figure if the nature of ownership is taken into account. [passage omitted] It is estimated that there are presently about 200,000 to 300,000 private enterprises in China.

Wang Zhongming, chief of the Individual Businesses Section of the State Industrial and Commercial Administration, noted: More than 70 percent of these private enterprises are located in rural areas, especially in coastal areas with a relatively developed commodity economy. The number of purely commercial private enterprises is small, if classified according to the nature of trades, while the majority are industrial, mining, transport, and construction enterprises. [passage omitted] In the second half of last year a department concerned surveyed the assets of these enterprises and discovered that over 60 percent of them had assets of less than 100,000 yuan, while only a small number had assets of more than 1 million yuan.

Though the number of private enterprises has increased rapidly in recent years, their output value is still less than 1 percent of the total industrial output value in China. [passage omitted] If the output value of private enterprises rose to 10 percent of the total industrial output value of the nation, it would be equivalent to providing employment for 36 million people, but the surplus labor in China's countryside at present exceeds 150 million.

The problems currently faced by private enterprises are a lack of laws and regulations, weak supervision and management, illegal operations, and tax evasion. [passage omitted] The state is drafting a law and other regulations for private enterprises in order to strengthen supervision and management, overcome the negative factors in their development, and ensure their sound development.

**Su Shaozhi on Role of Market System in Socialism**  
*HK230600 Beijing CHINA DAILY in English  
23 Mar 88 p 4*

[By Zhang Xiaogang]

[Text] The market system should continue to play a role in socialism even if the latter has achieved a much higher level of productivity, insisted Su Shaozhi, a researcher of Marxism studies of the Chinese Academy of Social Sciences (Cass).

"We cannot say that once the primary stage of socialism is over, we'll do away with the market system," he said in a recent interview with CHINA DAILY.

Su is a senior member of the Institute of Marxism, Leninism and Mao Zedong Thought at Cass. He was interviewed by CHINA DAILY as he prepared to hear dissertations from two of his graduate students. He starts six months of research at Oxford University in April.

Commenting on the reforms, Su said, firmly, that the current momentum will grow stronger and nothing will be able to reverse the trend.

However, he said, Chinese Marxists need to further their studies of practical problems and theories to guide their future actions, "to embrace new concepts."

In fact, few Chinese had expected that the reforms would be so complex and need so much creative thinking, he said.

To shift from the present structure of politics and economy to one that features a combination of planning and market system and a democratization of the political process is not as simple as some expected.

For one thing, Su noted, inflation is not only a problem that is real, but also requires prolonged efforts to fight. The real challenge to the reforms, he said, is how to tackle the problem rather than go around it.

In theory, inflation and subsequent social discontent are hardly avoidable in the early period of a socialist country's reform, Su and another researcher of Marxism studies stated in an article recently published in PEOPLE'S DAILY.

Yet, they believed, there is the possibility to eliminating these worries in a "not so distant future."

And China could possibly do better in inflation control, Su told CHINA DAILY, because it has a large domestic market. So when there is inflation, it can still manage to have economic growth.

"As long as supply can catch up, the inflation rate will not always stay high," he said.

Su agreed at the same time that China should handle inflation with care. "If the inflation rate gets higher than 10 percent, it'll be no good."

To map out China long-term development, Su suggested, capitalism and socialism, in their modern forms, both deserve analysis, as neither has remained stagnant.

The political structure of socialism must undergo a transition from a war-time type—highly centralized and controlling every aspect of life—to a new type that is compatible with the functioning of the market system. This is institutional democracy.

The old structure is compatible only with an economy that is based on nothing but ever increasing mandatory plans, "which are imaginary plans actually," Su said.

To illustrate his idea, Su quoted an ancient Chinese saying: One can conquer a country on horseback, but one can never govern it on horseback.

In the **PEOPLE'S DAILY** article, Su and his colleague said that democracy can help further economic reform.

Su said he is critical of those who think the country can modernize without democracy.

A good starting point for political democratization is to extricate the Communist Party from direct involvement in government affairs. This has already been chosen by the Chinese leadership as an important aspect of China's political reform.

To conclude, Su said, to develop a market system and democracy should be the dual task of the Chinese reforms, even though the former may be completed earlier than the latter.

**Journal on Wang Jian, Great International Circle**  
HK211542 Beijing **BAN YUE TAN** in Chinese No 4,  
25 Feb 88 pp 34-35

[Article by Cheng Wanquan (4453 8001 3123): "The Resourceful Young Scholar—On Wang Jian [3769 1696], Who Struck the Idea of the "Great International Circle"]

[Text] It was unexpected that one of Wang Jian's proposals should have rapidly taken shape into the strategy for the economic development of China's coastal regions.

Wang Jian, 33 years of age, is the youngest assistant research fellow of the State Planning Commission. In late October 1987, he made a proposal to the central authorities on the "great international circle" as the strategy for economic development. In short, this proposal means: To make full use of the advantage of the bountiful labor resources in China's rural areas to develop a labor-intensive industry and an export-oriented economy in a big way. This will provide a solution to the outlet of surplus rural labor forces, while earning hard currency to support the building of basic industry and infrastructure, then in turn supporting agricultural development.

The very day Comrade Zhao Ziyang came across this proposal, he commented on it, and then he fully affirmed it at a work conference of the Central Committee. In January 1988 when Zhao Ziyang was on an inspection tour of the coastal regions in Southeast China and

proposed the strategy for the economic development of China's coastal regions, he again talked about Wang Jian's proposal. At the 6 February plenary session of the Political Bureau of the Central Committee, he stressed that it was necessary to lose no time in organizing the implementation of the strategy for the economic development of the coastal regions.

Wang Jian falls into the category of the number of young people who lost much time but managed to catch up through hard work. In the 1970s, as a "high school graduate" Wang Jian was sent to settle down in the countryside. Later, he worked in a labor-intensive industry, a garment factory, when he was approved to return to the city. Eventually, he was enrolled in the Central Institute of Finance and Banking when the system of unified entrance examinations for institutes of tertiary education was restored. As a college graduate in 1982, he was sent to work at the State Planning Commission Research Center for Economics, where ever since he has worked on such topics as finance, banking, world trade, industry mix, and strategy for economic development.

Wang Jian's own life experiences have enabled him to have a specific perceptual knowledge of the macroeconomic situation in our country and to ponder the strategy for development from the macroeconomic plane of our country and the world.

Through research, he came to see that many economically successful nations and regions of the world today started by adopting an export-oriented economy and participating in the division of labor and competition in the world market. This has been the case with the four little Asian tigers—Singapore, South Korea, Hong Kong, and Taiwan. It took them only 20 years to complete the same journey that it took the developed Western nations a century to complete.

With the changes in labor costs, developed nations and regions have continued to readjust their industry and labor intensive industries as well as capital seeking an outlet are being transferred to places where labor costs are low. Bountiful labor and their low costs are precisely China's advantages. Wang Jian found that we missed such good chances for development on several occasions in history that this time we cannot afford to miss the chance again.

This proposal of the young scholar has roused strong repercussions in China's economics circles. Some think it a brilliant idea, while others have shown their doubts and opposed it. Regarding this, Wang Jian said: It is my hope to hear the voice of opposition. I will not regret it so much if my concept is totally negated should a better strategy for economic development be proposed.

Wang Jian's strategy for economic development has also caught the attention of relevant personalities in the world. In January he was recruited as a member of a delegation that went to the FRG to study industry mix.

Before their departure, the FRG ambassador to China met the entire delegation. When the meeting ended, the ambassador especially invited this youngest member of the delegation to stay, and with great interest he personally asked Wang Jian about his great international circle strategy for economic development.

**Advances in Petroleum Equipment Production Seen**  
*OW221017 Beijing XINHUA in English 1121 GMT*  
*20 Mar 88*

[Text] Beijing, March 20 (XINHUA) — China is making steady progress in its petroleum equipment manufacturing industry, especially with offshore drilling equipment, "CHINA DAILY" reported today.

At present, about 80 percent of the petroleum equipment bought each year in China is imported, the daily said.

The country has so far introduced about 80 different kinds of advanced foreign technology into the industry. Of these, 30 have been turned into prototypes and another 30 are being assimilated and prototypes should be ready by 1989.

By then, the industry should be able to build major equipment of advanced levels. Besides supplying the domestic market, this equipment will be sold on the international market, the daily said.

The major equipment the industry can now build includes jack-up and semi-submersible platforms.

A Chinese-built semi-submersible platform has finished drilling three exploratory holes in the East China Sea, and two jack-up platforms built for a United States drilling company are now being used in Mexico and Indonesia.

China can also build fixed production platforms and various drilling machines for land and offshore operations. Machines capable of drilling holes 3,000-6,000 meters deep are now widely used in land oilfields.

"We hope to develop more cooperative production, joint bidding and exploration with foreign businessmen," said Fan Muhan, head of the leading group of China Offshore Petroleum under the State Economic Commission.

The State Economic Commission and the China Council for the Promotion of International Trade will jointly sponsor a 17-country international petroleum equipment exhibition next year in Beijing.

More than 500 corporations from developing countries will be invited.

**Private Science, Technology Firms Get State Help**  
*HK220941 Beijing CHINA DAILY in English*  
*22 Mar 88 p 1*

[By staff reporter Wu Jingshu]

[Text] The Chinese Government has given the green light to private enterprises in the development and marketing of science and technology, in a fresh bid to speed up the nation's modernization drive.

In the first instance of the lifting of bureaucratic red-tape which hinders private entrepreneurs, the State Science and Technology Commission has announced an unprecedented move to simplify procedures for private technological managers or experts seeking to travel abroad on business.

The commission's Science and Technology Exchange Centre in Beijing will act as the agent for handling such procedures for private applicants—shortening the time required to obtain a passport and visa "from the previous one to two months to just one day," said Wu Yikang, the centre's director.

On Saturday, the centre signed a contract with five major private or collective science firms based in western Beijing's Zhongguancun "Electronics Street" to act as their "diplomatic agent."

This was the first time that a State institution has agreed to look after the business interests of private firms as their "contracted agent."

"This marks the beginning of a major reform in the State official apparatus," said Jiang Minkuan, Deputy Minister of the State Science and Technology Commission.

Zhongguancun, the site of the Chinese Academy of Sciences since the 1950s, has now been turned from an isolated "City of State Science Institutes" to a bustling "market of science," thanks to the mushrooming of business firms along the newly-developed "Electronics Street."

**Immediate Support [subhead]**

But the street came into the limelight only 10 days ago, when Zhao Ziyang, the Party's General Secretary visited it in the company of Song Jian, Minister of the State Science and Technology Commission. Zhao was so impressed with the success of the small science firms on "Electronics Street," that he suggested the government give immediate support to developing the street into China's first "electronic development zone."

"The General Secretary has asked us to act in good speed and not miss this opportunity," said Zhu Lilan, Deputy Minister of the State Science and Technology Commission.

Within a week, the commission had worked out a new arrangement with the Ministry of Foreign Affairs to greatly simplify the procedure required for private science entrepreneurs wanting to travel abroad.

"Three years ago, I wanted to travel to Europe to conclude a business deal with a foreign electronics firm," said Wang Hongde, general manager of the Jinghai Electronics Group on Zhongguancun Street, "but when the approval finally came through last year, the foreign market price had already tripled and the deal was off.

"If everything goes so slow in this country, our scientific development will continue to lag behind. So this new procedure is indeed a very wise move," he said.

Prompted by the rapid development over the past week the Beijing Municipal Government is working "in high gear" to draft a plan for building the new "Zhongguancun Technological Development Zone," said Wang Zhixiong, Deputy Director of the Beijing Science and Technology Commission.

The founding of China's first mainly private and collective "technology centre" in Beijing is expected to greatly boost the popular science business across China, Jiang said. "We are looking forward to a new science boom especially in the export-oriented coastal areas," he said.

## East Region

### Fujian Opens Brokers Exchange 21 March

OW220713 Beijing XINHUA in English 1642 GMT  
21 Mar 88

[Text] Fuzhou, March 21 (XINHUA)—Over 227 brokers received licenses at today's opening ceremony of the first brokers' exchange established in Fuzhou, capital of east China's Fujian Province.

Wu Hengquan, a retiree from a foreign trade department, used to help companies sell overstocked goods occasionally, yet he felt very uncertain about this business as the government had not officially allowed people to engage in such transactions.

As the commodity economy is developing quickly, the city government has realized the importance of middlemen and sponsored the first brokers' exchange.

Song Zhuyi, director of the city's Industrial and Commercial Administration Bureau, said that this was the first such exchange and the city plans to invite a total of 1,000 middlemen to take part.

The city government has issued temporary regulations governing the business.

### Han Peixin Heads Jiangsu Political Reform Group

OW221214 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 18 Mar 88

[Text] To implement the guidelines of the 13th party congress, uphold [words indistinct], and reform of the political structure, the Jiangsu Provincial CPC Committee has set up a leading group for reforming the political structure. Under the leadership of the provincial party committee Standing Committee, the leading group is responsible for conducting study and research, formulating plans, and coordinating the province's political restructuring.

Han Peixin, secretary of the provincial party committee is appointed head of the leading group. Gu Hao, member of the Standing Committee of the provincial party committee, is deputy head. Its members include Yang Bao-hua, (Zhu Zonghua), (Gu Changgeng), (Xing Jie), (Fan Xisheng), (Wang Xinghan), and (Xia Ji). An office was set up under the leading group with (Zhu Zonghua) as its director.

On 17 March, Comrade Gu Hao presided over the leading group's first meeting. The meeting defined clearly the main functions and responsibilities of the leading group and its office, discussed the province's overall political restructuring plan for 1988, and carried out preliminary discussions on plans for separating the functions of the party, government, and enterprises;

restructuring government departments; reforming the personnel system relating to cadres; and establishing a system of consultation and dialogue.

### Jiangxi Holds CPPCC Standing Committee Meeting

OW221210 Nanchang Jiangxi Provincial Service  
in Mandarin 1100 GMT 14 Mar 88

[Excerpts] The Sixth Jiangxi Provincial CPPCC Committee held its first Standing Committee meeting at the (Qingshanhu) Hotel this morning. Yang Yongfeng, chairman of the provincial CPPCC Committee, presided over the meeting.

The meeting first adopted the agenda and schedule of the First Standing Committee Meeting of the Sixth Jiangxi Provincial CPPCC Committee. [passage omitted]

Attending the meeting were Wu Ping, chairman of provincial CPPCC Committee and Vice Chairmen Lu Xiaopeng, Shen Hanqing, Li Shanyuan, and Wu Yongle as well as Standing Committees members including (Li Shiyao), (Dai Zhizhong), (Wang Guande), and (Wu Xiyu). In all, 97 attended the meeting.

### Shandong To Attract Talent for Export Economy

HK230610 Beijing CHINA DAILY in English  
23 Mar 88 p 2

[By staff reporter Qu Yingpu]

[Text] Shandong, China's second most developed province, is planning to attract 26,800 talented people from other parts of the country to meet the need to build an export-oriented economy along its 3,000 kilometre coastline, Governor Jiang Chunyun said in Beijing yesterday.

They will include technicians, researchers, scientists, doctors, teachers and foreign trade managers, who can stay either permanently or temporarily.

Some of them will help Shandong conduct foreign trade, transform its 70 million mu (about 4.7 million hectares) of low-yielding land, improve the production of fruits, develop animal husbandry on the vast Yellow River Delta, and promote fisheries over the province's lakes and around its 300 or so islands, Jiang said.

Others will be welcomed to Shandong to promote industries such as textiles, food processing, petrochemicals, building materials, coal, oil, and most importantly new and high-tech computerized industries, he said.

Shandong has decided to offer especially favourable conditions for those who decide to come, the governor said.

First, senior scientists and technicians will be given priority in getting apartments, moving their families and getting jobs and education for family members.

Second, specialized technicians will be allowed to sign contracts to run or lease the province's medium-sized or small enterprises or township enterprises, and set up scientific institutes or technological development companies.

Third, colleges or institutes which come to Shandong to set up branches or companies will be given priority help such as lower estate costs, lower taxes, the offer of loans and greater share of profits.

Jiang said although his province ranks first in China in terms of agricultural output, and second in gross national product (64.2 billion yuan last year), it lacks experts and technicians to fulfill its task. The central government has said it should develop an export-oriented economy in the Shandong Peninsula which includes one-third of the province's area and population.

For every 100,000 people, Shandong has 365 fewer college graduates and 669 fewer high school graduates than the national average.

Jiang said Shandong is also working on ways of attracting a large number of talented people from abroad, and the details will be given out by May.

**Shandong's Liang Speaks to NPC Deputies**  
*SK230541 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 21 Mar 88*

[Text] The province's 178 newly elected NPC deputies left Jinan for Beijing on the evening of 21 March to attend the First Session of the Seventh NPC which will open in Beijing on 25 March.

Before their departure, provincial leading comrades Liang Buting, Lu Maozeng, Zhang Quanqing, Lu Hong, Xiao Han, and Ma Zhongchen went to the Jinan Zhenzhuquan Hotel to give them a send-off party. Liang Buting, secretary of the provincial party committee, said to these deputies: You are about to participate in the First Session of the Seventh NPC on behalf of the people throughout the province. Thus your task is heavy and glorious. The First Session of the Seventh NPC will elect a new term of the NPC Standing Committee. As a deputation with relatively more members, Shandong's delegation made contributions to all NPC sessions in the past. We believe that you will certainly live up to the people's deep trust, and successfully hold this NPC session. In addition, Comrade Liang Buting briefed these deputies on the pertinent situation of the 2d plenary session of the 13th party Central Committee.

Li Zhen, chairman of the provincial People's Congress Standing Committee and head of Shandong's delegation, also made a speech at the send-off party. He

expressed hope that Shandong's deputies will understand fully the important and far-reaching significance of this upcoming NPC session, will participate in and discuss political affairs with a sense of responsibility as being the masters, will live up to the expectations of the people throughout the province, and will perform satisfactorily the glorious duties entrusted on the people's deputies.

**Foreigners To Bid on Shanghai Land Use Rights**  
*OW221313 Beijing XINHUA in English 1433 GMT  
21 Mar 88*

[Text] Shanghai, March 21 (XINHUA)—More than 400 Chinese and foreign real estate developers will attend a meeting to issue tender documents for land-use rights March 22 in Shanghai.

The 1.29 ha of land is located in the Hongqiao economic and technological development zone in Shanghai.

Businessmen can raise mortgages on or make over the land-use rights to others, an official from the Shanghai Land Administration Bureau said.

Buildings on the land are permitted to be sold, let or sublet, he said.

And the number of years set for the land-use right ranges from 20 years to 50 years; the time limit can be extended.

The official said the businessmen are from the United States, Japan, Singapore, Canada, France, the Federal Republic of Germany, Australia, England, Italy, Thailand, Sweden, the Netherlands, Austria, and Hong Kong and Macao.

He added that many of them had brought surveyors, architects and lawyers with them.

**Land-Use Rights Meeting Held**  
*OW230111 Beijing XINHUA in English 1607 GMT  
22 Mar 88*

[Text] Shanghai, March 22 (XINHUA)—Some 400 Chinese and foreign real estate developers attended a meeting to issue tender documents for land-use rights today in Shanghai.

According to an official from the Shanghai Land Administration Bureau, the time to submit the tenders is scheduled for June 20 through June 30 (till 12:00) this year.

Tenders will be opened on July 2.

The 1.29 ha of land is located in the Hongqiao Economic and Technological Development Zone in Shanghai.

Businessmen can raise mortgages on the land-use rights or make them over to others, said the official.

Buildings on the land are permitted to be sold, let, or sublet, he said, while emphasizing that the ownership of the lot belongs to the People's Republic of China.

The period set for the land-use right ranges from 20 years to 50 years, but the time limit can be extended.

The tender documents can also be obtained in Hong Kong, the official said.

**Shanghai Mayor Stresses External Economy**

*HK221543 Beijing RENMIN RIBAO in Chinese  
12 Mar 88 p 1*

[Report: "Jiang Zemin Urges Shanghai To Accelerate Development of Export-Oriented Economy"]

[Text] Jiang Zemin, CPC Central Committee Political Bureau member and mayor of Shanghai, spoke at the Shanghai Municipal Theoretical Work Conference on 10 March. He said that Shanghai must seek emancipation from: The self-complacent state of mind of being the elder brother; a sentiment of complaining and shrinking from difficulties; and the conservative idea of being in a rut.

Jiang Zemin said: These three states of mind are extremely large obstacles in deepening the reform, enlarging the scope of opening up, developing the economy, and accelerating Shanghai's switchover to an externally oriented economy. He criticized sternly the current practice of being reconciled to the status quo and remaining in a rut. He pointed out that some comrades lack a sense of crisis and a sense of reality. The first thing they say is how Shanghai has contributed to the country in the past. The sentiment of complaining is also catching on. Some people have further been affected by the disease of "shaking the head." They are quick to shake their heads before getting anything done.

Jiang Zemin said: To counter the above three ideological obstacles, Shanghai must at present lay emphasis on four ideological changes: 1) a change from the idea of a product economy to that of a planned socialist commodity economy; 2) a change from the idea of an internally oriented economy to that of an externally oriented economy; 3) a change from the idea of a government managing income and expenditures to that of local responsibility for financial matters; and 4) a change from the idea of being accustomed to unilateral administrative control to that of combining conscientious ideological and political work with methods of economic management.

Jiang Zemin also said: Shanghai must overcome the crisis and be ready to face the challenge. It must put theory first especially. He expressed the hope that Shanghai theory workers would display more courage, show less restraint, and get involved more with exploratory research and less with faultfinding. With the national conditions of our country and the market conditions of Shanghai in mind,

they must deepen and perfect research into the theory of the initial stage of socialism, and start research on strategies, countermeasures, and Shanghai's switchover to an externally oriented economy.

**Zhejiang Governor on Developing Foreign Trade**  
*OW221206 Hangzhou Zhejiang Provincial Service  
in Mandarin 1000 GMT 14 Mar 88*

[Text] Governor Shen Zulun said today at a provincial meeting of mayors, prefectural commissioners, and county heads that we must mobilize to develop foreign trade.

The meeting relayed the guidelines of the National Conference on Foreign Trade Reforms and the National Conference on Opening Coastal Areas to the Outside World. It also studied ways to implement the contract responsibility system in foreign trade.

Governor Shen Zulun made an important speech at the end of the meeting. After discussing the importance of the contract responsibility system in foreign trade, he said: We should have a strong sense of urgency in developing an export-oriented economy in the coastal areas. We must not again miss the opportunity of a most favorable international situation. We must take advantage of this opportunity and redouble our efforts to catch up. The efforts of a few foreign trade corporations alone are hardly adequate to catch up. We must mobilize thousands upon thousands of people to promote foreign trade and let comrades in many localities and enterprises take part in the world market. Only by so doing can we expect to make a breakthrough in a short time.

Comrade Shen Zulun also said: In implementing the contract responsibility system in foreign trade, we must combine the delegation of powers with the assumption of responsibility, that is, combining the right to engage in export with state foreign exchange earning quotas. Whoever shoulders this task meets the basic requirements for engaging in foreign trade. The various localities, prefectures, and counties must work hard to create conditions and reinforce themselves so that they can negotiate and conclude deals directly with foreigners at an early date. He also urged the various provincial specialized companies to earnestly help the cities and counties expand foreign business.

In conclusion, Comrade Shen Zulun urged the localities to exercise effective leadership, emancipate their minds, carry out their work boldly, and, at the same time, pay attention to the macroeconomic balance and coordination, and study and solve in good time the problems that may crop up in the course of reform.

## Central-South Region

### Guangdong Appoints Higher People's Court Chief HK221529 Beijing ZHONGGUO XINWEN SHE in Chinese 1242 GMT 17 Mar 88

[By reporter Xie Jianxu (6200 1696 4872)]

[Text] Guangzhou, 17 Mar (ZHONGGUO XINWEN SHE)—The Standing Committee of the Seventh Guangdong Provincial People's Congress today appointed, after vote by ballot, Mai Chongkai [7796 1504 2818] deputy president and acting president of the Guangdong Provincial Higher People's Court.

The term of office of Tang Guangli, former president of the provincial Higher People's Court, expired at the beginning of this year. Since none of the two candidates for this post won more than half of the votes at first session of the seventh provincial People's Congress held during the last 10 days of January, the post of president of the provincial Higher People's Court remains vacant. Some departments concerned then made a suggestion to the Standing Committee of the provincial People's Congress, suggesting that Mai Chongkai be appointed deputy president and acting president of the Higher People's Court.

Mai Chongkai, male, 53, is from Nanhai County, Guangdong Province. He is a college graduate who once held the posts of assistant judge, deputy presiding judge, deputy director and section chief, and secretary of the office of the provincial Political Science and Law Committee. Prior to this appointment he was a member of the Standing Committee of the seventh provincial People's Congress.

According to the state local organization law, the president of the Guangdong Provincial Higher People's Court should be elected by the provincial People's Congress. Mai Chongkai's term of office as acting president of the People's Court will expire when the second session of the seventh provincial People's Congress is held next year. The congress session will then elect a formal president.

### Guangzhou Auctions Land-Use Rights to Locals OW221359 Beijing XINHUA in English 1618 GMT 21 Mar 88

[Text] Guangzhou, March 21 (XINHUA) — Guangzhou, capital of Guangdong Province, sold for the first time the land-use rights for a piece of land in its economic and technological zone today.

Bidders inside the province were invited and the land-use period is 50 years.

After purchasing the rights on 15,953 square meters of the land for industrial use at a price of 260 yuan per square meter, Tao Qiyuan, deputy general manager of the Guangdong Provincial Trust and House Property Development Company, was optimistic about the future development of the land.

He said the economic and technological development zone has already completed infrastructure construction with an investment of 500 million yuan, and 57 enterprises have gone into operation in the zone. It is expected that another 22 enterprises will start up in the zone this year.

The company plans to sell the future buildings on the land at a price of 610 yuan per square meter, and expects five percent interest from the deal.

Guo Peinan, vice-chairman of the Guangzhou Economic and Technological Development Zone Administrative Committee, was satisfied with the result, saying, "We planned to sell the rights at a price of 220 yuan per square meter and the result is 40 yuan more than scheduled."

He noted that this was a trial reform of the land-use system and no company outside Guangdong Province was invited.

According to the vice-chairman, Guangzhou will sell more land-use rights to any enterprises or individuals in various forms in future.

### Yao Wenxu Urges Greater Democracy in Hainan HK230747 Beijing ZHONGGUO XINWEN SHE in Chinese 0443 GMT 22 Mar 88

[Report by He Da (0149 6671): "Exclusive Interview With Yao Wenxu: Hainan CPPCC Should Extend Even More Democracy"]

[Text] Haikou, 22 Mar (ZHONGGUO XINWEN SHE)—When I went to Hainan to gather news 2 years ago, I saw Yao Wenxu one night when he had just returned to Haikou after a trip to three counties. His sunburned face and frank remarks made a deep impression on me. This time, it was again very late when I entered the simple reception room in his house. It was already past 2100.

Yao Wenxu, one of the leading members of the preparatory group for Hainan Province and secretary of the Hainan regional party committee, became a member of the Seventh CPPCC recently. Our conversation began with this, he said: "I am engaged in the work of the CPPCC for the first time. Look, I have just received a copy of 'CPPCC Handbook' and am studying it."

The reporter asked: "What are the characteristics of the work of the CPPCC on Hainan, which will be the largest special zone in China?"

He answered: "In developing Hainan, our tasks are arduous and our duty heavy. By saying arduous, I mean that the demands are high, but the starting point is low. The heavy duty refers to: 1) to change Hainan into a true treasure island; 2) to take the lead in opening up and in developing an export-oriented economy; and 3) to enter into more contacts with Taiwan, Hainan's sister island, and make Hainan more influential and attractive. Therefore, I think that in the future work of the CPPCC on this island, the following two tasks should be emphasized: 1) to accelerate the pace of opening up to the outside world and promote the development of export-oriented economy; and 2) to contribute more to the realization of reunification of the motherland. When Hainan becomes a provincial-level special economic zone, it will certainly have more extensive contacts with other countries as well as Hong Kong and Macao. Moreover, there are many returned Overseas Chinese on this island, and there are comparatively more links between Hainan and Taiwan compared with many other provinces and regions. It receives quite a few fishermen from Taiwan each year. Thus there are really good conditions for Hainan to emphasize these two tasks."

The reporter asked: "How do you think the roles of the CPPCC on Hainan can be given better play?"

Yao Wenxu answered: "The CPPCC should unite the forces of various sectors in the name of 'patriotism.' The key to giving play to its roles is to fully develop the democratic style of work. The CPPCC on Hainan should represent the great majority of people and should have the ability to discuss political affairs. It should extend even more democracy." He continued, with emotion: "Everyone loves his motherland, and we should allow them to do so. We should allow them to air their views and offer good suggestions and should also adopt their good suggestions. Thus their enthusiasm will be boosted."

The reporter then looked up and saw a couplet on the wall that was written by Shen Zhong, a calligrapher. It says: "A capacity to contain things both far and high, an ability to read books both modern and ancient." With a smile, the reporter said: "It seems that we should have a great capacity for tolerance."

Yao also smiled: "Frankly speaking, since the Communist Party is the party in power, even within the party we should strengthen democracy, not to mention outside the party."

What he said reminded the reporter of the secretary's past career. He was born in 1926 in a peasant family in Wafangdian, Liaoning Province. He attended school for only 5 years. At one time he was a peasant and carpenter. He was secretary of a peasant association before joining the Army. He took part in the Liaoxi-Shenyang campaign, the Beijing-Tianjin campaign, and the Hengyang-Baoqing campaign, and the fighting to suppress bandits. He was transferred to Guangdong in 1950 to engage in

local work. He once worked in Chenghai, Shantou, Huiyang, Dongguan, and Foshan, and then replaced Lin Ruo and became secretary of the Zhanjiang Prefectural CPC Committee for about half a year. He was then transferred to Hainan Island. After the "motor vehicle incident," he was given a disciplinary warning within the party but continued to work on the island. He accumulated rich experience in local work while involved with industry, communications, finance, and trade. He was also in charge of agricultural production for a long time. This reporter has heard many times that one of Yao's strong points is that he is good at taking people's advice, including sharp criticism. Perhaps, having a "capacity to contain things both far and high" is the most appropriate summary of Yao's character. A thought suddenly came into my mind: The man before my eyes is just the right person for the CPPCC!

**Hunan To Establish Experimental Reform Zone**  
HK230227 Changsha Hunan Provincial Service  
in Mandarin 0100 GMT 23 Mar 88

[Text] According to HUNAN RIBAO, the provincial party committee and government have decided to treat Chenzhou and Lingling Prefectures and Hengyang City as the province's experimental zone for reform and opening up. The province will thus set up an elastic [tan xing] zone adjacent to Guangdong and adopt certain special policy measures to ensure that reforms and opening up in southern Hunan advance ahead of the rest of the province.

Provincial Party Committee Secretary Mao Zhiyong led a group to a number of counties and cities in Chenzhou and Lingling Prefectures to conduct investigation and study at the beginning of the year. He put forward a number of views on speeding up the opening up and development of southern Hunan. In late February, these views were discussed and approved by a provincial party committee Standing Committee meeting.

On the question of how to adapt to the situation of Guangdong's omnidirectional opening up and reduce as soon as possible the disparities in economic development between northern Guangdong and southern Hunan, these views held that the most fundamental thing is to guide the cadres and masses in southern Hunan to fully recognize their own strong points and rely on their own strength and exert all their energy in speeding up and deepening reform. They should follow a path of countering opening up with opening up and stimulating development by opening up, and accomplish as soon as possible the shift from closed to export-oriented economy. In order to make this shift, it is necessary to work hard at the following points:

1. Conduct thorough education in the party's basic line, seriously launch the discussion on the productive forces criterion, insist on basing efforts on the reality of the initial stage of socialism, and be still more bold and uninhibited in developing commodity economy.

2. It is necessary to truly throw the gates open and expand the scope of opening up, and develop export-oriented economy vigorously, forming a gradual omnidirectional and multifunctional pattern open to the world.

3. It is necessary to take aim at the international and domestic markets in further readjusting the production structure. The emphasis should be on developing industrial and agricultural sectors and products with southern Hunan characteristics that can earn foreign exchange from export.

4. It is necessary to apply strategic vision in grasping talent and exploitation of brain-power. We should be bold in employing able people. We should improve pay and conditions and reward handsomely those science and technology and management personnel who truly possess the pioneering spirit and ability and have made outstanding contributions.

5. The provincial authorities should adopt a number of special policy measures for southern Hunan and expand correspondingly the economic management jurisdiction of these two prefectures and one city. Economic policies similar to those in force in Shaoguan and Ganzhou Prefecture should be adopted, to ensure that reforms and opening up in southern Hunan can advance ahead of the rest of the province.

### Southwest Region

#### Sichuan Governor Solves Export Problems

HK220855 Chengdu Sichuan Provincial Service in Mandarin 0100 GMT 21 Mar 88

[Text] From 17 to 20 March, Governor Zhang Haoruo inspected 10 export commodity enterprises engaged in producing machines, textiles, and foodstuffs in Deyang, Mianzhu, Shifang, and Guanghan.

During the inspection tour, the governor checked up on equipment at the enterprises and their product quality; affirmed their achievements in giving full play to their superior forces, strengthening their export capacity, and expanding exports; and listened carefully to the factory directors' problems and demands. He helped them get rid of their anxieties promptly through solving their problems.

When the director of the (Dongfang) electrical machinery plant complained about his plant's difficulties in going through formalities for going abroad to do business, Governor Zhang promised to press the relevant authorities to handle these matters on his return to the provincial capital.

During his visit to the (Dongfang) electrical machinery plant which exports to America and Southeast Asia, Governor Zhang found out that the plant personnel who have completed formalities for going abroad on business

trips have been unable to carry out contracts on installing machinery due to the relevant provincial department's tardiness in assigning foreign currency quotas to them. After learning of this, Governor Zhang immediately told a member of his party to make a long-distance call to the relevant provincial department, thus fulfilling the foreign exchange quotas right away.

After checking up on equipment at the (Jingwei) knitwear mill in Deyang City, Governor Zhang Haoruo expressed support for the mill director who made a successful tender recently, and acted as a go-between for helping the mill get the supply of plush, thus speeding up the progress of a Chinese-foreign production plan for exporting plush products.

During his visit to Guanghan, Governor Zhang inspected flower-garden economic undertakings and township and town enterprises. He also acquainted himself with the conditions of those counties engaged in conducting comprehensive reforms on a trial basis.

### Tibetan Health Workers Hold Work Conference

#### Discuss 5 March Riot

HK221202 Lhasa Tibet Regional Service in Mandarin 1130 GMT 21 Mar 88

[Excerpts] Delegates to the ongoing autonomous regional work conference on public health in rural and pastoral areas have denounced sternly the small number of separatists' criminal activities for disrupting the unity of the motherland, nationality solidarity, and the political situation of stability and unity.

The delegates said: We must hit back hard at their criminal activities by protecting the people's health and serving agricultural production. [passage omitted]

[Name indistinct], deputy director of the autonomous regional Public Health Department, said: When the 5 March riot occurred, I was in charge of organizing (?first-aid for the wounded) at the scene of the riot. When our medical personnel arrived quickly at the scene, they (?displayed revolutionary) humanitarianism and gave medical treatment to all the wounded, including Armed Police fighters and rioters, [words indistinct]. However, when ambulances with the Red Cross sign passed the scene of the riot, the rioters there did not let a single ambulance pass, [passage indistinct], and smashed the ambulances' windows. These rioters simply did not show any elementary human nature or moral character. People there utterly detested these rioters.

#### Party Deputy Chief Attends

HK221158 Lhasa Tibet Regional Service in Mandarin 1130 GMT 21 Mar 88

[Excerpt] On the evening of 20 March, Mao Rubai, deputy secretary of the autonomous regional party committee, called on delegates to an ongoing regional work

conference on public health in rural and pastoral areas. He discussed with them ways to adopt new concepts for reforming medical and health services, training qualified personnel in this field, and promoting medical operations in various forms.

During his talk with the delegates Comrade Mao Rubai said: Since 90 percent of the population of Tibet lives in rural and pastoral areas, the focal points of our medical and health work should be in such areas. [passage omitted]

**Tibet Sets Up Rural Health Association**  
*OW221232 Beijing XINHUA in English 1323 GMT  
 21 Mar 88*

[Text] Lhasa, March 21 (XINHUA)—The Tibet Autonomous Region set up a rural public health association today to promote health care among peasants and herdsmen.

According to statistics, 87 percent of Tibet's population are farmers and herdsmen live in scattered communities with poor medical services and transport facilities.

The association will help local medical departments train qualified persons, carry out academic exchanges and spread advanced medical care.

It will also help improve the working and living conditions of medical workers in rural areas and conduct foreign cooperation and exchange activities.

**North Region**

**Beijing's Li Ximing Speaks at Plenary Session**  
*SK230950 Beijing BEIJING RIBAO in Chinese  
 2 Mar 88 pp 1, 4*

[Excerpts] What should Beijing do in order to accept a challenge when faced with a new favorable opportunity, a new test, and the strategies for economic development in coastal areas?

The Second (Enlarged) Plenary Session of the Sixth Beijing Municipal CPC Committee, which concluded on 1 March, made a decision on grasping favorable opportunities; on making full use of favorable conditions; and on vigorously developing the export-oriented economy in a well-guided, planned, a step-by-step manner.

The session relayed and studied the guidelines of Comrade Zhao Ziyang's important speech on the strategies for economic development in coastal areas and the guidelines of the national conference of provincial governors. It discussed and approved, in principle, the municipal party committee's proposal for arrangements of major tasks in 1988 and the rules for the plenary sessions of the municipal party committee.

Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the municipal party committee, made a speech at the plenary session. He said: Since its organization, the 6th municipal party committee has proceeded from the guidelines of the 13th CPC Congress to carry out the principle of separating party and government functions and to perfect democratic centralism. It has also brought into play its leading role in making policy decisions by holding plenary sessions. Questions related to the municipality's major work principles and policies have been decided through discussions at the plenary sessions of the municipal party committee. The second plenary session has made a good start in this regard. From now on, we must persist in this.

With regard to the municipal party committee's major work tasks in 1988, Li Ximing stressed that we must first study deeply the documents adopted at the 13th CPC Congress and further emancipate our minds. He said: If we fail to emancipate our minds, we will not be able to understand clearly the new situation. If we do not understand clearly the new situation, it will be difficult for us to understand policies. Many problems caused by the "leftist" influence have been solved over the past few years; however, "leftist" ideas are reflected in some specific questions at any time. Some people are affected deeply by the ideas of small-scale production and natural economy. We have emphasized emancipating our minds and unifying our thinking. What should be our basis in unifying our thinking? In order to unify our thinking, we should base ourselves on theories, principles, and policies set forth at the 13th CPC Congress. More specifically, we must seek truth from facts and proceed from reality and the actual conditions of the nation and the municipality in studying ways to deepen reform, rapidly develop productive forces, and achieve success in all work tasks.

Li Ximing pointed out in his speech: The guiding ideology of the central authorities' strategies for economic development in coastal areas is of overall strategic significance in accelerating the pace of the country's modernization. This will give great impetus to Beijing Municipality's economic development and its work in other fields. Therefore, the municipality is confronted with a severe test. We must further deepen the study of the strategies and strive to catch up with this requirement ideologically and practically. The municipal party committee and municipal government have set up leading groups to study ways to further develop the export-oriented economy. In line with the suggestions, opinions, and tentative ideas put forward by the participants, the plenary session will conduct investigations deeply and study and set forth strategic goals and specific measures for developing the export-oriented economy. In line with requirements set forth in the guiding ideology of the central authorities' strategies and according to their actual conditions, all districts, counties, trades, and departments should study and work out plans and measures to implement the strategies.

It is necessary to deepen enterprise reform continuously and to further coordinate, perfect, deepen, and develop the contracted management responsibility system. With regard to these issues, Li Ximing stressed: It is necessary to introduce the competition mechanism into the contract system. The methods of inviting plant directors and managers through public bidding should be carried out on a large scale. This is also a major measure for reforming the cadre personnel affairs system. After the law of enterprises is approved and promulgated formally, party organizations at various levels should organize the vast number of cadres and staff and workers to study and implement it conscientiously and should handle affairs according to it resolutely.

Li Ximing also stressed: Along with the deepening of the economic structural reform, the development of the political structural reform, and the further expansion of the scale of opening up to the outside world, the tasks for conducting ideological and political work become increasingly heavier; so, party organizations at various levels should pay great attention to this. Party branches should bring into full play their role as a fighting force, and party-member cadres should bring their exemplary role into full play. All units should enhance the unity between leaders and the masses and between managers and laborers in order to make new progress in Beijing's work in 1988. [passage omitted]

Bai Youguang, head of the municipal agricultural office; Yan Chengzong, chairman of the municipal Economic Commission; and Huang Chao, vice mayor, made important speeches at the plenary session. These speeches were on encouraging town and township enterprises to develop the export-oriented economy, on conducting the contracted management responsibility system among industrial enterprises, on conducting the reform of the foreign trade structure, and on the capital's foodstuffs production.

Chen Xitong, deputy secretary of the municipal party committee and mayor of the municipality, presided over the session. Attending the session as observers were leading comrades of the municipal party committee, including Xu Weicheng, Li Qiyan, Wang Guang, Li Jinmin, Li Zhijian, Wang Jialiu, Zhang Jianmin, and Yuan Liben; leading comrades of the municipal Advisory Commission and the municipal People's Congress Standing Committee, including Wang Xian, An Lin, and Zhao Pengfei; members and alternate members of the municipal party committee, members of the municipal Advisory and Discipline Inspection Commissions; and responsible comrades of the municipal government, the municipal CPPCC Committee, and some departments concerned.

**Hebei's Xing Attends Women's Day Meeting**  
SK230757 Shijiazhuang HEBEI RIBAO in Chinese  
8 Mar 88 p 1

[Text] This afternoon, more than 150 women from various circles in the provincial capital gathered together at a meeting to celebrate the "8 March" International Working Women's Day.

Xing Chongzhi, secretary of the provincial party committee, and Xie Feng, provincial governor, heard opinions, demands, and suggestions from the women representatives on the work of the provincial party committee and government. He discussed with them the issue of how to further display the role of the broad masses of women in the four modernizations drive and how to safeguard their interests.

Lu Chuanzan, deputy secretary of the provincial party committee, gave a speech on behalf of the provincial party committee and government. He affirmed the important role and remarkable achievements of the broad masses of women from all circles and fronts throughout the province in safeguarding and developing the province's excellent situation of stability and unity under the guidance of the general principle of reform and opening up, and in accelerating the province's economic construction and the building of spiritual civilization. He encouraged the broad masses of women to further emancipate their thinking, foster the ideology of reform, participation, competition, and democracy and other new ideological concepts, strive to improve themselves, and become women of a new generation with ideals, morality, culture, and a sense of discipline. He expressed hope that during the new year, the broad masses of women from all circles and fronts would further emancipate their thinking, strive to study modern science and technology and to acquire scientific management knowledge, intensify competitive ability, and display fully their wisdom and talent in reform.

Also attending today's meeting were leading comrades of the provincial party committee, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, the provincial Discipline Inspection Commission, and the provincial Military District, including Sun Guozhi, Zhang Chao, Chen Yujie, Li Haifeng, and Zhang Ruolin. Leading comrades of Shijiazhuang Prefecture and city also attended the meeting.

This meeting was cosponsored by the provincial and Shijiazhuang prefectoral and city Women's Federations and trade unions.

**Tianjin's Li Speaks With Outside Personnel**  
SK230741 Tianjin City Service in Mandarin  
2330 GMT 11 Feb 88

[Text] On 11 February Mayor Li Ruihuan, accompanied by the municipal leading comrades, including Nie Bichu, Li Changxing, Mao Changwu, Zheng Wantong, and Huang Yanzhi, and veteran Comrade Li Zongyuan, cordially received the responsible persons from agencies of various provinces, municipalities, autonomous regions, and of central ministries and commissions throughout the municipality. During the reception, the municipal leading personnel listened with an open mind

to their opinions on the municipality's economic construction. They also discussed the issue of how to establish lateral economic networks between various regions and between departments and regions and how to enable the lateral economic association to develop in depth.

During the reception, Mayor Li Ruihuan delivered a speech in which he stated: Over the past year the municipality has scored some achievements in its work thanks to the assistance given by the agencies of various provinces, municipalities, autonomous regions, and of central ministries and commissions. Of these achievements, there is, of course, the painstaking labor of these agencies. We, hereby, extend heartfelt thanks to them.

In his speech Li Ruihuan pointed out: After the 13th CPC Congress, our country has entered a new period of development. In developing the commodity economy, we cannot be divorced from lateral economic associations. Under the new situation, the agencies of various provinces, municipalities, autonomous regions, and central ministries and commissions are becoming increasingly strong in their functions. Except for their original missions, these agencies have been given the new task of developing the commodity economy, in which they should do things in line with the law of value and develop lateral economic associations on the basis of mutual benefit and interest. Therefore, the agencies of various provinces, municipalities, autonomous regions, and central ministries and commissions throughout the municipality will have much work to do and great potential to be tapped. All of these have urged us to further exchange information and he responsible comrades to offer their favorable suggestions and experiences to pave jointly a new road of economic cooperation.

During the reception, the responsible comrades from the agencies of various provinces, municipalities, autonomous regions, and central ministries and commissions throughout the municipality expressed that they would like to establish closer relationship with the municipality according to the demand of developing the commodity economy.

### Northeast Region

**Liaoning's Quan Discusses Provincial Situation**  
SK230533 Shenyang LIAONING RIBAO in Chinese  
7 Mar 88 p 1

[Text] On 5 March, after hearing the opinions of the comrades of the consulting groups of the provincial party committee and government, Quan Shuren, secretary of the provincial party committee, stressed: "Today we should no longer speak of 'leftist' and outdated ideas in general terms. Who and which unit have 'leftist' and outdated ideas? On what issues do they have such ideas? What has fettered the development of productive forces? In what fields do we have to emancipate our minds? At present everybody says that Liaoning's problems lie in 'leftist' and outdated ideas. However, not a single person

or unit acknowledges that he or it has such problems. As a result, they think in the same way as they used to, and they adopt the same old methods."

Comrade Quan Shuren said that an urgent task for our province is to further intensify the study of the provincial situation, and to mobilize everyone to study and discuss this issue. He said that the process to understand and intensify the study of the provincial situation is a process to emancipate the mind. He said: We did study the provincial situation in the past, and this has played a very good role. However, following the development of the situation, the study should be intensified. In the past, we conducted a fairly great amount of study of the static provincial situation, such as the natural conditions of Liaoning, but not enough study of the dynamic provincial situation. When studying the provincial situation, we studied more about the economic field but less about the political and ideological field. In the economic situation of the province, we studied more about the existing economic situation, and the provincial urban situation, and less about the issues concerning systems and the provincial rural situation.

Comrade Quan Shuren pointed out that when studying the provincial situation of Liaoning, we should compare it with the national situation, and the situations of other provinces, and in particular, should enhance our understanding amid the changes in the international economic environment. He said: What changes have taken shape in Liaoning since the 3d plenary session of the 11th party Central Committee? To what extent has Liaoning changed? In what fields has it changed or not changed? As everyone knows, Liaoning's place in the economy of the country has dropped over the past few years. What does this mean? In what areas was the drop unavoidable, and in what areas was it unwarrantable? Quan Shuren said: What opportunities and challenges have the changes in the world economic development brought us? How should we participate in the great international economic circle? What does the world market ask us to provide? What can we provide, and what is our main direction of attack? What are the policies of our counterparts? What countermeasures should we adopt? After enhancing our understanding of the provincial situation, we should find out the problems fettering the development of productive forces, and then deepen our economic and political structural reforms, and accelerate opening up of the Liaodong Peninsula. If everyone understands our problems from this angle, Liaoning will have bright prospects.

**Shenyang Opens Center for Foreign Investors**  
OW221201 Beijing XINHUA in English 1547 GMT  
20 Mar 88

[Text] Shenyang, March 20 (XINHUA) — A foreign investors service center opened today in Shenyang, capital of Liaoning Province.

The center is jointly established by a dozen city administrative offices, including the Planning Economic Commission, the Tax Office and the Industrial and Commercial Administration Bureau, according to Chen Hongsheng, deputy director of the city's Foreign Economic Relations and Trade Commission.

The center will provide all services needed by foreign investors, including the employment of workers and technicians, investment opportunities and information on laws, auditing, and foreign trade affairs. The center will also help foreign-funded enterprises solve problems in operation.

The center will have functions of a government department and an enterprise.

### Northwest Region

#### **Gansu's Li Ziqi Addresses NPC Deputies** HK230243 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 23 Mar 88

[Text] Leading comrades of the province went to the Ningwozhuang Guesthouse yesterday afternoon to call on the province's deputies to the forthcoming NPC session. They expressed the hope that the deputies will take to Beijing the aspirations of Gansu's 20 million people and make a success of the meeting.

Provincial Party Committee Secretary Li Ziqi, who has just returned from attending the 2d Plenary Session of the 13th CPC Central Committee, went to the guesthouse as soon as he arrived in Lanzhou, to call on the deputies. Li Ziqi briefed them on the CPC Central Committee session, and continued: The First Session of the Seventh NPC will be a major affair in the political life of the Chinese people. Gansu's deputies are taking to Beijing the great trust of the province's people of all nationalities and will take part in formulating the major principles for guiding the country's life. This is a glorious and arduous task. I hope the deputies will discuss seriously the session agenda with full political enthusiasm and contribute toward making the session a success.

#### **Qinghai Official Notes Ideological Problems** HK230315 Xining Qinghai Provincial Service in Mandarin 2300 GMT 22 Mar 88

[Text] (Liu Guanghe), secretary of the Haidong Prefectural CPC Committee, said at a recent meeting that the key to speeding up economic reforms in the prefecture lies in speeding up the updating of the cadres' concepts.

He pointed out that judging by the current state of economic reforms in the prefecture, there are two deficiencies: there is not enough internal invigoration, and not enough opening up to the world. These two deficiencies are reflected in the thinking and work of the cadres in the following ways: 1) A sense of inferiority, with a hopeless feeling that it is impossible to change the

backwardness of remote mountainous areas; 2) Self-satisfaction; living standards have improved in recent years. These cadres hold that enough has been achieved already, and they make no effort to advance further and think little about expanded reproduction; 3) Fear of ending up the loser. They fear being on the losing end in establishing external ties and lack the pioneering consciousness of commodity economy. They would rather do things with smaller, slower, and poorer results, rather than have people from outside helping them achieve greater, faster, better, and more economical results.

(Liu Guanghe) advised the leading comrades of the counties to follow the 13th party congress spirit, discard as soon as possible these old concepts hampering the development of economic construction, and take new strides in developing the prefecture's economy.

#### **Shaanxi To Initiate Grain Purchase, Sale Methods** HK230829 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 22 Mar 88

[Text] Starting 1 April this year our province will initiate new methods for purchasing, marketing, and allocating grain and also a system of fixed quotas for revenues and expenditures.

According to the new methods, all prefectural and city quotas for purchase of grain will be set on the basis of the contractual purchasing quotas for 1987, as checked and ratified by the provincial people's government, and the plan for turning purchases at negotiated prices into purchases at rational prices as formulated by the provincial planning conference held at the end of 1987. It is imperative to ensure fulfillment of these 3-year quotas. Prefectures and cities which cannot fulfill such quotas will have to settle such problems by themselves.

We must continue to implement the policies on awarding the sale of rationally priced chemical fertilizers and diesel oil to those peasants who have fulfilled their contractual fixed purchase quotas for grain, and continue to grant monetary advances on purchase quotas to them.

Grain sales will be checked and ratified on the basis of quotas set for 1987. Plans for exporting grain are formulated annually. During a 3-year contractual period, grain turned over to the higher authorities ahead of schedule will be put at the disposal of prefectural and city governments. Grain in excess of purchase quotas will be handled by local authorities.

Regarding increases in the price of grain for purchase contracts, the provincial grain bureau will be responsible for their calculation based on the contractual requirement for varieties and quantities and on the price scales set by the state. The provincial grain bureau will give

priority to allocating funds to prefectures and cities. Year-end settlements of accounts will be carried out in accordance with actual figures.

As to settlements of grain quota accounts, we shall implement unified settlements of accounts concerning both the purchase and marketing of grain once a year, and we shall also balance all the accounts in this regard every 3 years.

**Xian Mayor Views Economic Development Issues**  
*HK230257 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 23 Mar 88*

[Text] What countermeasures should Xian, as a major interior city, adopt as the coastal cities join the great international economic circle and develop export-oriented economy? Xian City Mayor Yuan Zhengzhong said when interviewed by our station reporters that, as an interior city, Xian should gear its efforts to the international and domestic markets and join actively the great international and domestic economic circles. The science and technology sector should take positive action to set up various undertakings and contribute its talent toward developing the province's economy.

Yuan Zhengzhong said that in recent years Xian's economy has become backward compared with the coastal cities. We have not truly given scope to our strong points in the defense industry, science and technology, and

international tourism. In the face of this new opportunity, if our work is still lacking in initiative and is over-cautious, without any progress being made, the discrepancies between Xian and the coastal cities will become still greater.

Yuan Zhengzhong said that, as a major interior city, Xian should have a sense of crisis and urgency. We must recognize the new challenge facing the interior cities as a result of the coastal cities joining the great international economic circle. He expressed the hope that Xian's entrepreneurs will take positive action to improve management standards and economic returns in the course of competition. The science and technology sector should display its strong points by running various undertakings. For instance, like Xian Communications University, the walls can be knocked down to establish a science and technology street.

Xian City will give enterprises the most preferential policies. We could set up a Xian special economic zone. Township and town enterprises must be bold in getting in touch with high technology and set up first-class factories.

Yuan Zhengzhong said in conclusion that Xian will further improve its investment climate to afford convenience for foreign businessmen to invest in the city. We will strive to run Xian as an interior city open to the world.

**USSR Seeks Joint Ventures With Taiwan**  
OW230002 Taipei CHINA POST in English  
19 Mar 88 p 12

[Text] A Soviet press official yesterday said his country is seeking to develop joint ventures with the ROC [Republic of China], the UNITED EVENING NEWS reported.

Anatoliy S. Belorusov, economics section chief of the official TASS NEWS AGENCY in New York, also welcomed ROC traders' intention to organize a delegation to visit the Soviet Union, the newspaper said.

Belorusov said under its new economic policy, Moscow is anxiously seeking to promote external trade and anticipates an expansion in trade with the ROC.

He said his country is interested in such ROC industries as electronics, computers, food and machine tools, the paper reported, adding that Belorusov also mentioned the possibility of exporting natural resources from Siberia to Taiwan.

The Soviet official said he understands that the ROC has no direct trade activities with the Soviet Union, and that the two countries have a long way to go before they will enter joint ventures, but that his country hopes to find ways to trade, the paper said.

Earlier this month, the Import and Export Association of Taiwan said it will organize a delegation to make a business and industrial survey during a visit to the Soviet Union.

However, the "Li Hsin Committee," a special adhoc committee formed by the Executive Yuan to formulate economic policies here, has decided that no direct trade with the Soviet Union and Albania is allowed.

**Indirect Trade With USSR Reaches \$3.6 Million**  
OW230040 Taipei International Service  
in English 0200 GMT 22 Mar 88

[Text] Indirect trade between the ROC [Republic of China] and the Soviet Union in the first 2 months of this year amounted to U.S. \$3.6 million. ROC exports to Moscow via third countries or areas totaled U.S. \$430,000. Local business leaders said indirect trade with the Russians during the 2-month period already reached 41.6 percent of the total volume recorded last year.

In 1986, the nation's trade with the Soviet Union stood at U.S. \$29 million. Imports from Moscow included (?steel), chemical products, and timber, while it exported consumer goods such as garments, footwear, and electronic products to the USSR.

**Premier Yu Reiterates Policy Toward Mainland**  
OW231027 Taipei CNA in English 1541 GMT  
22 Mar 88

[Text] Taipei, March 22 (CNA)—Premier Yu Kuo-hua Tuesday urged the Chinese Communists to renounce its "four insistences" and make it clear that they will not invade Taiwan by force.

In response to an interpellation by Legislator Chien Han-sheng in the Legislative Yuan, Yu said that in order to "rescue" the Peiping regime from collapse, the "reformers" who took power following the fall of "the Gang of Four" pledged that they would continue to hold to the "four insistences."

At the same time, they have intensified their united front tactics against the Republic of China by showing to the world a disguised face of openness and peace.

Yu said that the so-called "nine-point proposal," "three communications," "four exchanges" and "one nation, two systems" are all designed by the Chinese Communists to weaken the Republic of China's anti-communist strength and to create a false, freedom-loving image of themselves before the world.

He said that the government will continue to uphold the policy of "no contact, no negotiation and no compromise" as a counter to the Chinese Communist united front plots.

Premier Yu said that for the sake of China and all the Chinese people, the Chinese Communists should "learn from Taipei both economically and politically" by implementing the Three Principles of the People so as to safeguard the well-being of the more than one billion people on the mainland.

**Legislator Urges Mainland To End 'Pressure'**  
HK230646 Hong Kong AFP in English 0630 GMT  
23 Mar 88

[Text] Taipei, March 23 (AFP)—A legislator of the ruling Kuomintang (KMT) has urged Chinese leaders to stop putting diplomatic pressure on Taiwan and abandon threats of using force against the island to obtain peaceful unification.

Chien Han-sheng said in letters to China's paramount leader Deng Xiaoping and Communist Party chief Zhao Ziyang Tuesday that cornering Taiwan "would boost calls for an independent island state" in the international community, which neither Beijing nor Taiwan would accept.

Both Beijing and Taipei say that they are the legitimate government of all China.

Both sides should stop political competition and start building mutual trust to pave the way for a unified China, Mr. Chien said in the letters made available on Wednesday.

Mr. Chien said Beijing should abandon any thoughts of invading the island of 19 million people "so as to allow more space for political activities."

He asked the Chinese leaders to denounce communism and follow Taiwan's successful example to improve living standards on the mainland and build a base for unification through peaceful coexistence and competition.

The Taiwan government, which refuses any official contact with Beijing, has modified its rigid foreign policy towards China by allowing visits to the mainland since November for family reunions.

The KMT authorities are planning to further relax their China policy by opening sightseeing trips to the mainland and allowing cultural and commercial exchanges for civilians across the Taiwan Strait, reports have said.

The Nationalist government is recognized by 23 countries and Taiwan belongs to 10 international organizations under its official name, the Republic of China.

**Government To Handle Exchanges With 'Flexibility'**  
OW230455 Taipei CNA in English 0303 GMT  
23 Mar 88

[Text] Taipei, March 23 (CNA)—The government of the Republic of China will handle civilian academic, cultural and sports exchanges between the two sides of the Taiwan Straits with flexibility, on case-by-case basis, Education Minister Mao Kao-wen said Tuesday. In reply to an interpellation by Legislator Mu Tsung-tsian, Minister Mao said the government will not adopt passive and backward measures to deal with the issue. To legislators suggestion that the government employ the strength of the Overseas Chinese community to actively promote freedom and democracy in the China mainland, Mao said the government, in fact, is actively working towards that direction. As to the question that some mainland students in the United States intend to visit Taiwan, the minister replied that this problem is being carefully studied by the appropriate government agencies.

**Commentary Discusses Mainland's Arms Sales**  
OW230558 Taipei International Service  
in English 0200 GMT 23 Mar 88

[Station commentary: "The New Merchant of Death in Peking"]

[Text] Military analysts in the West are reeling from the realization that Communist China is rapidly becoming one of the world's top arms merchants. U.S. intelligence agencies have reported that Communist China is now the world's fifth largest exporter of military hardware and growing.

The issue of Peking's new role as an international arms merchant came to light again this week as news broke about Peking's recent sale of long-range surface-to-surface missiles to Saudi Arabia. The missiles are reportedly of an advanced type that Peking arms with nuclear warheads, though the ones sold to the Saudis have conventional warheads. They have a maximum range of 2,000 miles, making it possible for Saudi Arabia to direct them at any Middle East target. The Chinese Communists have not commented on the sale. The Saudis say the missiles are for defense, particularly against any overflow in the Iran-Iraq warfare.

Late last year, Peking's relations with Washington were scrambled by the discovery that Peking was selling Silkworm surface-to-surface missiles to Iran. The missiles were used in several attacks on Gulf shipping, and against Kuwaiti ports. The U.S. demanded a halt to the Silkworm supplies. Originally, Peking denied the sales took place, but later the Chinese Communists used rather cryptic language to announce that the sales had ended. Peking has been the largest supplier of arms to both sides of the Iran-Iraq conflict. The U.S. has been trying to get the Chinese Communists to go along with a United Nations-sponsored embargo, but to no avail.

Western military experts believe that Peking has been a major supplier of arms to Pakistan, North Korea, Albania, Sudan, Tanzania, Egypt, and Gulf states. The Chinese Communists have also supplied rebels in Africa and South America and the Afghan and Cambodian resistance fighters.

The growing arms export policy of Communist China is said to have the backing of Teng Hsiao-ping, Peking's paramount leader. Teng supports the sales for economic reasons: Communist China is hard up for foreign currency and can earn it through arms exports. Teng needs the foreign currency to pay for the imported technology to supply his ambitious modernization program at home.

To push the arms exports, Teng has ordered discount prices. Buyers are said to like Chinese Communist-made weapons because they are easier to use and cheaper to maintain than Western or other similar arms.

In recent years Peking has also got into the act of selling jet fighters abroad. It recently sold F-7's, a Chinese Communist version of the Soviet MiG-21, to Brazil.

Western analysts are concerned about Communist China's expanding role as an arms merchant for one standout reason: Peking wants foreign cash and apparently has no qualms about who buys the goods. That makes Peking's arms sales a potentially disruptive feature in attempts to solve regional and other local conflicts around the globe. Western and other governments are understandably worried that Peking would rather make money than peace.

**Court Sentences Ex-Mainland Official to Prison**  
HK221026 Hong Kong AFP in English 1016 GMT  
22 Mar 88

[Text] Taipei, March 22 (AFP)—The Taiwan high court has sentenced a former Chinese mainland official to 12 years in jail for engaging in subversive activities in Taiwan at Beijing's order, a court official said here Tuesday.

Liu Kuang-sheng, 35, who entered Taiwan with a false Singapore passport in February 1987 and was arrested in June, was found guilty of sedition by the high court earlier this month and sentenced Monday, the official said.

He said Mr Liu, born in Canton, had joined the Communist Party in 1975 while teaching chemistry at a middle school and was appointed deputy director of the Shenzhen Special Economic Zone Commodity Inspection Bureau in 1982.

He allegedly accepted security training three years later.

Beijing's security authorities ordered Mr Liu and another communist cadre to build a "long-term corridor for intelligence on Taiwan," sending him to the island for infiltration and subversion to help unify Taiwan with the mainland, the court official said.

Mr Liu failed to enter Taiwan in 1986, using a false Thai passport, but last year entered with a false Singapore passport, acquiring a status as an overseas Chinese and approval to open a trading company in Taipei, he said.

Taiwan's Bureau of Investigation arrested Mr Liu in June after discovering his real identity, the official said.

The high court has replaced military courts in handling sedition cases involving civilians since martial law was lifted in July.

**Government To Adopt 'Flexible' Foreign Policy**  
OW230318 Taipei CNA in English 1504 GMT  
22 Mar 88

[Text] Taipei, March 22 (CNA)—The government will adopt a more flexible approach to improve relations between the Republic of China [ROC] and foreign nations, Foreign Minister Ding Mou-shih said Tuesday [22 March].

In his reply to an interpellation by legislator Chien Han-sheng, Ding said the government has been trying vigorously to improve its relations with foreign nations in spite of Chinese Communist attempts to destroy these ties since the ROC's withdrawal from the United Nations.

The government's efforts over the past few years have produced remarkable results, forging substantive and reciprocal relations with foreign nations that have no diplomatic ties with the ROC, Ding said.

He said the nation has established representative offices in 38 nations lacking formal ties with the ROC. In return, 23 foreign nations have also opened similar offices in Taipei.

He said national interests are the government's top concern in maintaining ties with foreign nations. However, he added, the government hopes to develop friendly ties with all free countries.

**U.S. Chamber of Commerce Delegation Arrives**  
OW230030 Taipei CNA in English 1530 GMT  
22 Mar 88

[Text] Taipei, March 22 (CNA) — An 11-member U.S. Chamber of Commerce delegation, led by Dr. Richard L. Lesher, arrived here Tuesday for a three-day visit.

During its stay in the Republic of China [ROC], the U.S. delegation will call on Vice Foreign Minister John H. Chang; Vincent C. Siew, director-general of the Board of Foreign Trade; K.H. Wu, vice chairman of the China External Trade Development Council (CETRA); and Wang You-tseng, chairman of the General Chamber of Commerce of the ROC.

The U.S. visitors include Carl Grant, the chamber's group vice president for communications; and Milton E. Milter, vice president for public liaison.

**South African Minister of Economics Arrives**  
OW230443 Taipei CNA in English 0311 GMT  
23 Mar 88

[Text] Taipei, March 23 (CNA)—South African Minister of Economic Affairs and Technology Denie Steyn arrived in Taipei Tuesday for four-day official visit.

Steyn was welcomed upon his arrival at Chiang Kai-shek International Airport by Vice Economics Minister Li Mo, Kwei Tsung-chun, director of African affairs of the Foreign Ministry, and South African Ambassador in Taipei C.C. Prins.

The South African minister will call on Economics Minister Li Ta-hai, Finance Minister Robert C. Chien, and other ranking financial and economic officials to discuss economic, trade, and technological cooperation between the two countries.

He will also visit the Taipei World Trade Center where a large international gift, jewelry, and stationery exhibition is being held.

Steyn is scheduled to depart on March 25.

## Hong Kong

### **Paper Previews Chief Secretary's London Visit** HK230635 Hong Kong HONGKONG STANDARD in English 23 Mar 88 p 1

[By Frank Choi]

[Text] The Chief Secretary, Sir David Ford, will leave on Friday for London where he will give politicians and the British media the Government's side of Hong Kong's political reform story.

Although Sir David's two-week Easter break is officially billed as a private visit, informed Government sources say he will take the opportunity to "set the record straight" on the recently published White Paper on the further development of representative government.

Officials here feel the Government's side needs to be told to balance the lobbying in London earlier this year by Legislative Councillor Martin Lee and others who wanted direct elections to Legco [Legislative Council] this year.

The sources said Sir David's visit, which will last until April 6, was not strictly private but would also be used to "win some publicity for the Hong Kong Government."

Although no official arrangements have been made for Sir David to meet any Whitehall officials, it is understood he will meet some ministers and Fleet Street journalists during his stay.

His visit follows hard on the heels of the official visit to London by the Governor, Sir David Wilson.

Sir David Wilson, who left Hong Kong for London last Friday, will return here tomorrow.

Two delegations of Hong Kong democrats that went to London to lobby Members of Parliament won sympathy among British politicians and gained support among the British public.

Led by Mr Lee and other leading lawyers, the two delegations demanded direct elections to the Legislative Council this year instead of waiting until 1991 as stipulated in the White Paper on political reforms.

They also accused the Hong Kong Government of ignoring results of territory-wide public opinion surveys by different professional bodies which showed majority support for direct elections in 1988.

But until the Governor's visit to London this week, no senior Hong Kong official had explained to British politicians and press the Government's decision to delay direct elections to 1991 instead of holding them this year.

Senior officials felt the story of Hong Kong's constitutional struggle—as presented in Britain by the two delegations of democratic activists—might suffer from distortion if not balanced by the Government's side of the story.

This was what caused Sir David Ford's London trip to be altered from its original status of a private visit to a semi-official one in an effort to restore the territory's international image and confidence in the Hong Kong Government in the run-up to 1997.

Sir David Wilson complained in a speech to the Royal Institute of International Affairs in London on Monday that the political issues of Hong Kong had drawn most of the international media coverage away from the territory's social, financial and economic developments.

He said views on political reforms were sharply divided and had drawn intense debate in Hong Kong.

It is understood that both the Governor and the Chief Secretary want the British and international communities to receive a clear message that Hong Kong has gone a long way towards democratic government, and that the future constitutional structure of the Special Administrative Region in 1997 and beyond will be set down in the Basic Law, the constitutional document which is now being drafted by the Chinese Government.

### **Princess Anne Expected To Visit Refugee Camp** HK230527 Hong Kong SOUTH CHINA MORNING POST in English 23 Mar 88 p 1

[By Andrew McEwen in London and Simon Macklin in Hong Kong]

[Excerpt] Princess Anne is expected to step into the row over conditions for Vietnamese refugees in Hong Kong by visiting a closed camp in September.

She is scheduled to tour the Tuen Mun centre in her capacity as president of the Save the Children Fund—which three years ago was urged by a consultant to dissociate itself from the closed camp system on moral grounds.

A Save the Children Fund official in Hong Kong said yesterday she had been told to prepare for a visit from the Princess Royal. The date has yet to be confirmed.

The Tuen Mun camp, which holds about 1,850 refugees, is the agency's biggest project in Hong Kong.

Although the camp is run by the Correctional Services Department—which is also in charge of prisons—Save the Children provides a range of humanitarian and education services.

Observers say the centre is generally considered to be the best of the territory's three closed camps.

The visit by Princess Anne, her first to the territory since April 1983, has not yet been officially announced.

A press spokesman at Buckingham Palace last night declined to comment, except to say Princess Anne frequently travelled abroad to inspect Save the Children Fund projects.

Last year, her Save the Children Fund commitments took her to many Southeast Asian countries, including Thailand, Laos and Burma.

In 1985, the author and City Polytechnic lecturer, Dr Leonard Davis, described the then Bowring closed camp, which the charity was involved in, as a prison.

He wrote, in a report commissioned by Save the Children, that its continued involvement in the closed camp would place it in a moral dilemma. He said it should withdraw its support from the centre.

A senior foreign diplomat said yesterday that the Princess showed concern when told that large numbers of children were growing up in near-prison conditions in the closed camps in Hong Kong.

A charity worker is said to have described a seven-year-old trying to explain to a five-year-old the difference between a dog and a cat, the younger child never having seen even a picture of either.

Before the criticism began to surface, the Princess expressed her wish to see the Tuen Mun camp because of the fund's involvement.

But her presence in the territory at a time of fierce debate on the future of the boat people is bound to be controversial.

The Legislative Council, anxious to reduce the HK\$122 million annual cost of the camps, is putting pressure on the British Government to take more refugees.

This was discussed this week in London by the Governor, Sir David Wilson, and British Foreign Secretary Sir Geoffrey Howe.

At the same time refugee organisations are sounding the alarm about the treatment of boat people.

According to latest Hong Kong Government figures, the Vietnamese refugee population stands at 9,724 people—6,671 of whom are housed in overcrowded communal huts in the closed centres at Tuen Mun, Chi Ma Wan and Hay Ling Chau.

Twenty per cent of people in the closed centres have been there for five or six years. [passage omitted]

**Legislators Request Basic Law Discussion Paper**  
HK230601 Hong Kong *SOUTH CHINA MORNING POST* in English 23 Mar 88 p 2

[Text] Legislative Councillors moved one step closer to debating the Basic Law yesterday when a working group on constitutional affairs asked for a discussion paper on the topic.

Mr Andrew Wong Wang-fat, who heads the council's Constitutional Developments Panel, asked the Office of Members of the Executive and Legislative Councils (Omelco) to prepare a back-ground paper on the drafting work of the mini-constitution for the post-1997 Hong Kong Special Administrative Region.

The legislators are interested in how the Beijing-appointed basic law Consultative and Drafting committees function. They also want to know how the Chinese Government intends to consult Hong Kong residents on the document.

The first working session of the newly-formed Omelco panel will be held in about two weeks.

Mr Wong said members would not reach any conclusion during the meeting on the sensitive issue of whether Legco [Legislative Council] should debate the Basic Law, despite opposition from mainland officials who see the drafting of the mini-constitution as a Chinese domestic affair.

He said councillors had yet to decide whether to invite experts on the issue for a briefing.

A majority of Legco members who have spoken on the topic favour a formal debate on the Basic Law, because the document is related to the implementation of the Sino-British Joint Declaration and is therefore more than just a Chinese internal matter.

The first draft of the Basic Law is expected to be released for five months of public comments in May before it is modified by the Chinese National People's Congress for another round of consultation.

A final version of the mini-constitution will be published in 1990 and will take effect in 1997.

The Omelco panel will also review progress on amending the Royal Instructions, which govern the membership and proceedings of the Executive and Legislative Councils.

**Narcotics Commissioner on Decline in Drug Abuse**  
HK230607 Hong Kong SOUTH CHINA MORNING  
POST in English 23 Mar 88 p 3

[Text] There was a continuing decline in drug abuse last year in Hong Kong against a global trend of increased drug taking, the Commissioner for Narcotics, Mr Gareth Mulloy, said yesterday.

The number of young people becoming drug addicts dropped last year despite a 30 per cent climb in the first four months, caused by the popularity of cannabis and Mandrax.

The amount of Mandrax tablets seized fell to a quarter of the quarter-million record of 1986, while anti-narcotics officers netted twice as much No 4 heroin and four times more cannabis.

Mr Mulloy attributed the significant drop in Mandrax tablet seizure to new controls on the manufacture and distribution of the drug in China.

The downward trend in the total number of people newly reported to the Central Registry of Drug Abuse continued last year.

Prosecutions for drug-related crime decreased during the period, but more people were charged with major drug offences.

Mr Mulloy said the trends were "absolute clear indications that we're getting on top of the problem of drug abuse".

"It's encouraging that we're going against the world trend," Mr Mulloy said after returning from a United Nations conference on drug addiction in Washington.

A total of 2,377 people were reported to the Central Registry of Drug Abuse last year, 13 and 1/2 per cent down from the previous year, while the number of young people aged 21 and under who were reported dropped by 10 and 1/2 per cent from 788 to 705.

Prosecution of young people for drug offences fell by 25.4 per cent from 1,035 to 772 and the figure for all ages decreased by a tenth from 12,494 to 11,252.

There was a 1.6 per cent increase in the number of serious drug crime prosecutions, from 5,745 to 5,839.

Mr Mulloy said the sharp rise in the No 4 heroin haul last year was due to an expanding world market for the high-purity drug, but little could be suggested for the surge in the amount of cannabis seized.

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